

Personal Earnings Inequality and Polarization: The Czech Republic in a Comparison with Austria and Poland

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Paper Abstract:

This study analyses personal earnings distribution in the Czech Republic (CR) and two neighbouring countries, Austria and Poland, using the EU-SILC longitudinal data. It captures two four-year periods, a before-crisis period 2004-2007 and a period involving the effects of the crisis, 2007-2010. It focuses on earnings distribution from three perspectives. First, we apply a relative distribution method to show aggregate changes of the shape of earnings distribution and to verify a hypothesis that the crisis might have spurred “hollowing of the middle”. Second, we focus on factors that influenced movements of individuals along the earnings distribution. And, third, we reveal the structure of earnings inequality by regression-based decomposition. We do not conclude that the crises spurred earnings polarization. The ongoing gender-based earnings polarization weakened during the crisis. The impact of education on individual movements along earnings distribution reduced during the crisis period in Austria and Poland while it intensified in the CR. The factors that contributed the most to the earnings inequality were type of occupation, gender and education. Both the size of the effects and the direction of their change between the two analysed periods differed among the countries: the contribution of gender weakened and the contribution of education strengthened in the CR and Poland while the opposite held in Austria.