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CHANGES IN INEQUALITY AND POVERTY IN GREECE AFTER 1974

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ABSTRACT

The paper examines in detail the inter-temporal changes in aggregate inequality, poverty (absolute and relative) and economic welfare in Greece during the period 1974-94. For the purposes of the paper, the micro-data of four Household Budget Surveys are utilised (1974, 1981/82, 1987/88 and 1993/94). The distributions used are distributions of consumption expenditure, disposable income and a variable which approximates the "permanent income" of the population members, adjusted using appropriate family equivalence scales. The results of the paper show that inequality and relative poverty declined significantly between 1974 and 1982. On the contrary, the changes in the period after 1982 were smaller in size and, sometimes, contradictory (they depend on the welfare indicator used and/or the index of inequality or poverty). In absolute terms, poverty declined spectacularly between 1974 and 1982 and, most probably this change continued after 1982 too, but at a substantially slower rate. To the extent that social welfare depends positively on the mean of the corresponding distribution and negatively on the distribution's level of inequality, the findings of the paper show that social welfare improved substantially between 1974 and 1982. For the post-1982 period the results are not always clear; nevertheless most indications point to the direction of further improvements but at a considerably slower pace. Finally, from an accounting point of view, most of the changes in the composition of the population during the period under examination had a negative impact on the level of aggregate inequality, although two of these changes (improvements in the average educational level and increases in the share of urban population) contributed positively to the observed decline in relative poverty. The largest contributions of the recorded declines in aggregate inequality and poverty are attributed to the corresponding declines "within" the various socio-economic groups or "between" these groups (in the case of inequality), despite the significant changes in population shares of the various groups during the period under examination.