On the Subjective Perception of Poverty in the Czech and Slovak Republics Two Decades after the Split

Prior to 1993 Czechia and Slovakia were parts of a common state. Both countries had a number of common features, and at the same time they differed in numerous characteristics. After 1993, the two new countries developed independently in terms of choices regarding movements toward open markets, consumer demand, opportunities in labour markets, and the challenges of production. These choices have influenced country policies, economic structures, labour markets, and institutions; and were later followed by further external factors and changes in the global economy.

During the early stage of the economic transition, the disparities between the countries accelerated rapidly, the Slovak GDP per capita reached around three-quarters of the Czech GDP in 1992, and the Slovak unit labour costs belonged among the lowest in the Central European countries. While Slovakia reached 64% of the Czech GDP per capita (in PPS) in 1995, this disproportion decreased to 88% in 2016. In addition, according to the latest Eurostat data Slovakia reached 96% of Czech median hourly earnings in EUR (91% terms of PPS).

Our aim is to study the differences in the subjective perception of poverty and living standard by Czechs and Slovaks in the past and at present. While the lower level of economic performance and income level in Slovakia in the past suggests a higher share of the subjectively poor in Slovakia; the convergent processes in objective economic terms should result in shrinking the difference in subjective perceptions between the two countries.

Two main data sources are used in the study: In order to compare the perceived living standard in the past Social Stratification in Eastern Europe 1993 data are used, and the analyses of the recent situation are based on EU-SILC (2005-2015) microdata. The preliminary results suggest that Slovaks (retrospectively) evaluated their relative living standard slightly better than Czechs at the end of the communist era, while the opposite hold in 1993, the year of the split.

In 2005, about 20% of Czechs perceived their actual income insufficient to what is their minimum income needed to make ends meet, compared to 60% in Slovakia. After another 10 years, in 2015, these figures dropped to 10% and 25%, respectively. The preliminary results thus show a convergence of subjective indicators, however, we hypothesise that the “subjective” convergence does not keep pace with the “objective” one.

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