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Dr Leszek Morawski

*Subjective and regulatory equivalence scales*

Project objectives/Research hypothesis

The project aims to develop new tools for the assessment of social policy in regard of benefit and tax regulations that could complement the current method based on OECD equivalence scale. In the project, we propose to estimate the income-dependent equivalence scales by two distinctive methods. The subjective scales are estimated on a basis of households income evaluation while regulatory scales are based on legislative decision regarding tax and benefit regulations.

On the basis of those estimates the following issues will be discussed: a) the differences between the subjective and regulatory scales, b) the differences between those scales and the OECD ones and its effect on assessment of income distribution, c) the expected budgetary cost of changes consistent with income scaling postulated by households, d) the shape of transfer policy consistent with the subjective scales.

The project uses individual data from HBS (Household Budget Survey) and the EU-SILC (European Research on Income and Living Conditions) and it concerns the years 2005-2012, when the series of important changes in tax and of benefit regulations was introduced in Poland. These changes had a significant impact on household incomes.