

CHAPTER 7

REGULARITIES OF CHANGES IN CONSUMPTION OF THE POLISH HOUSEHOLDS FROM 1989 TO 2007

Introduction

Over 1989 - 2007 the superior determinant of the Polish people consumption was economy in transition. Its main aim was and still is the improvement in the standard of living of the Polish society. Transition made the background for the wide range of other determinants and factors shaping individual consumption. Generally, the transition from centrally planned economy to market economy caused big changes in living conditions of the population, brought both positive and negative results for the Polish objects of consumption. Finally, all those results determined level, material structure and organization of consumption. Generally changes which took place in the Polish households' consumption time of transformation, many times arranged into some regularities. Those regularities can be described by rules and hypotheses. Knowledge of these rules in theory allows predicting the future proportions of consumption.

The aim of this paper is to present regularities, which could be observed in consumption in the period of transformation of the Polish economy. The paper consists of three parts. Part one shows changes in the level and structure of consumer expenditure in the Polish households. Part two presents general changes taking place in the Polish people consumption and finally arranging into so-called stages of consumption evolution. Part three includes the assessment of these regularities of changes in the Polish households' consumption in the period of transition. In summary the final conclusions are presented.

Changes in the structure of consumer expenditure of the Polish households

One of the measures of assessment of market functioning is level and structure of consumer expenditure of the Polish households. Expenditure is a vital factor showing not only the size and quality of needs' fulfillment but also the differences in the scale and level of income allocation. It is the household that is the most common and at the same time one of the most important economic objects, in which the effectiveness of the socio-economic policy of the country can be verified. The level of expenditure and the direction of spending on the purchase of specific groups of goods allow for noticing similarities and differences in the standard of living of particular groups of households as well as estimating the standard of living of the whole society.

The greatest decrease in the real expenditure of all groups of households (see Table 1) was noted in 1990. The real value of consumption expenditure in case of farmers' households was reduced by as much as 30%. In that time, the expenditure of pensioners and retirees were reduced to the least degree - by about 15%. In 1991 an increase of expenditure in the group of employees' and pensioners' households occurred. Nevertheless in the following year another decrease took place (on average by 3%), and it concerned all groups of households. In 1993 slight improvement could be noticed, but in the two years decrease was observed. Over 1996 - 1999 brought real increase in consumer expenditures of households. In years 2000 and 2001 stagnation in the Polish economy resulted in the decrease of real value of expenditure of

households (in 2001 real expenditure of employees' households decreased by as much as 5,2%). In 2002 consumer expenditure in employees' and pensioners' households was constant (as compared with the previous year). Increase of real value of consumer expenditure was noted for the farmers' households (by 4,8% in comparison with the previous year) and the self-employed (by 2,8%). In the households of employees having private farms in agriculture a decrease by 1,3% was noted. In 2003 an increase in real value of consumer expenditure was noted but in the next two years (i.e. 2004 and 2005) another decrease by 1,4 to 2,0% occurred. The last two years of analyzed period, over 2006 - 2007, brought considerable economic revival, which naturally transformed into the rise in consumption expenditure. The level of average monthly nominal expenditure in the total of households amounted to 809,95 PLN per capita in 2007. The increase was noted in all socioeconomic groups of households.¹ However, the increase of expenditure on consumer purposes does not necessarily mean the actual increase in the level of consumption.

Table 1. Dynamics of average monthly nominal and real expenditure in the employees' households in 1990 – 2007

SPECIFICATION	DYNAMICS OF NOMINAL EXPENDITURE (Previous year = 100)	INDICES OF PRICES OF CONSUMER GOODS AND SERVICES (Previous year = 100)	DYNAMICS OF REAL EXPENDITURE (Quotient of nominal expenditure and prices' index)
YEAR			
1990	524,4	655,1	80,0
1991	180,0	171,6	104,9
1992	140,2	143,2	97,9
1993	136,2	135,2	100,7
1994	129,1	132,4	97,5
1995	126,7	128,1	98,9
1996	129,2	119,9	107,8
1997	122,4	115,3	106,2
1998	120,6	112,3	107,4
1999	110,7	107,5	103,0
2000	109,8	109,9	99,9
2001	99,9	105,4	94,8
2002	102,0	102,0	100,0
2003	105,0	100,8	104,2
2004	101,9	103,3	98,6
2005	100,0	102,0	98,0
2006	107,0	100,9	106,0
2007	108,1	102,5	105,5

Source: own compilation, Badania budżetów gospodarstw domowych w latach 1990-2007, GUS, Warszawa, 1991- 2008, Roczniki Statystyczne RP 1996, 1999 i 2002, Rocznik Statystyczny RP 2007, GUS, Warszawa, 1997 pp. 194, 2000 pp. 208, 2003 pp. 211, 2004 pp.292, 2006 pp.2005 pp. 293, 2006 pp. 295, 2007 pp. 269, „Polska –wskaźniki makroekonomiczne 2008”, GUS, Warszawa, 2008 pp. 93

In the period of the transition of the Polish economy into market one, the structure of consumer expenditure in the Polish households changed considerably (see Table 2). First of all the share of food expenditure significantly decreased. Within analyzed period (years 1989

¹ Own calculation based on: Household budget surveys in 1990-2007, GUS, Warsaw, 1991-2008

to 2007) households spent the majority of their income on food, but the percentage share of this expenditure in total expenditure was systematically falling in all groups of households. The share of food expenditure, in 1990, amounted from 48,0% to 57,9% of the total expenditure and in 2007 it was only around 21,0% to 34,81%. In 1990 the highest share of food expenditure characterized pensioners' and retirees' households but in the whole period between 1991 and 2007 the highest share of food expenditure was noted in farmers' households. The lowest share of food expenditure characterized households run by self-employed (21,0%) as well as non-manual employees' households (21,6% of total expenditure in 2007). These two types of households are at the same time the richest ones. In general, the decrease of the food share in total expenditures proves the improvement in the standard of living of the Polish society.

In the time of transformation the share of fixed expenditure, such as: housing, water, electricity, gas and other fuels, increased significantly. This was due to the considerable rise in prices of energy carriers and housing resulting from the fact that government was withdrawing from subsidizing prices of fuels and dwelling economy. The increase of fixed charges concerned all types of households, but the most affected were pensioners' households. Within the analyzed years pensioners' expenditure on housing and energy raise from 15,3% in 1990 to 27,2% in 2007. The increase of housing expenditures was the least in case of farmers' households. It's worth adding, that at the moment housing expenditure is the biggest group of non-food expenditure, and they are still rising.

Table 2. Structure of average monthly expenditure per capita in employees' households between 1990 and 2007

EXPENDITURE YEARS	FOOD	CLOTHES AND FOOTWEAR	FLATS	HEALTH AND HY- GIENE	TRANSPORT AND COMMUNICA- TION	RECREATION, CUL- TURE AND EDUCA- TION
	IN % OF TOTAL EXPENDITURE (TOTAL EXPENDITURE = 100)					
1990	48,0	11,2	13,0	3,2	7,1	11,2
1991	42,0	10,4	16,0	4,2	8,7	11,4
1992	39,0	8,2	19,1	4,9	8,7	10,0
1993	39,0	7,5	22,9	6,3	10,1	8,7
1994	37,6	7,5	24,8	6,3	9,5	8,8
1995	37,3	7,5	24,6	6,2	9,5	9,1
1996	35,3	7,4	21,0	6,3	11,1	8,9
1997	33,4	7,5	21,9	6,4	10,5	9,5
1998	30,7	7,2	22,7	6,0	12,0	8,7
1999	28,1	6,6	24,8	6,0	13,5	9,7
2000	27,8	6,1	23,6	6,0	14,8	9,9
2001	28,4	5,9	23,7	6,3	14,0	9,7
2002	27,1	5,8	24,5	6,2	14,5	9,9
2003	25,6	5,9	25,2	6,4	15,0	9,9
2004	25,4	5,7	24,5	6,6	15,3	10,2
2005	26,3	5,8	23,7	6,6	16,1	9,4
2006	25,5	6,1	23,8	6,7	15,6	9,7
2007	25,4	6,4	23,1	6,9	15,6	10,0

Source: own compilation, Badania budżetów gospodarstw domowych w latach 1990-2007, GUS Warszawa 1991-2008

Group of expenditure that is also characterized by tendency of rising, within the analyzed period, are expenditure on transport and communication. Many various factors influence the level of these expenditures, such as: households' equipment with cars and other means of transportation, maintenance costs of transport equipment, frequency of using external services, prices of services, development of telecommunication techniques and others. In case of pensioners' and retirees' households over twofold increase in this group of expenditure was noted. Similar situation was observed in employees' households. The least increase was noted in households connected with agriculture. The biggest amounts were spent on transport and communication in households run by self-employed (19% of total expenditure in 2007). In this group the greatest share of families is equipped with a car (over 88%), the big burden for them constitutes also expenditure on telecommunication services.

The effect of changes caused by the economic transformation was also the increase of expenditure on personal hygiene and health care. It refers to all groups of households, especially pensioners' and retirees' households who, due to their members age, spend quite a lot on health care. Similarly to the case of housing and fuel costs, the increase of this group of expenditure was connected with increase of prices, especially payments for medical services, medicines and cleaning products. In 2007 it was the households of pensioners' and retirees' which spent the greatest share of the total expenditures on personal hygiene and health care (10,6% of general expenditure in 2007) and farmers' households spent the least (5,6% in 2007).

The necessity of covering fixed charges and other basic payments reduced families' (especially poor ones) ability to purchase other goods and services and forced savings meant to cover the expenses on clothes and footwear. It is worth adding, that in case of wealthy households drop in the share of expenditure on clothes and footwear is rather the result of qualitative changes in consumption. In 1990 the level of expenditure on clothes and footwear was twice higher than presently. The expenditure on clothes and footwear was the highest in the wealthiest households, i.e. self-employed and non-manual employees' households (7,4% and 6,9% of total expenditure respectively in 2007) and it was the least in case of pensioners' households (3,6% of total expenditure in 2007).

Households' budgets surveys results show the restrictions in the field of expenditure on higher level needs. But such a notion refers mostly to households with low current incomes. In farmers' households the share of expenditure on recreation, culture and education amounted to 5,9% of total expenditure and in pensioners' households it was 5,5% in 2007. At the same time in the self-employed households the share of this expenditure amounted to 12,1% and in non-manual employees' households it was 11,8%. The households mentioned are also characterized by the highest share of expenditure on restaurants and hotels. In households run by self-employed this share amounted 2,8% of general expenditure in 2007, and it was 2,6% in non-manual employees' households. The lowest share of expenditure on restaurants and hotels was noted in farmers' households, and it was only 0,8% in 2007.

To conclude, although the structure of expenditure in the Polish households is becoming more modern year by year, it is still characterized by the relatively high share of expenditure on food, high share of fixed payments, the average share of expenditure on personal hygiene and health care, transport and communication, and also relatively low share of expenditure on clothes and footwear, on culture, recreation and education.

Stages of the development of consumption

In the sphere of consumption three main sectors can be distinguished: sector of food consumption, sector of durable goods consumption and sector of services consumption. According to C. Bywalec, that three-sector division of consumption sphere may be at the same

time the basis to distinguish its three stages of development. Generally, in time of transformation decrease of food consumption and increase of industrial goods as well as increase of services consumption were noted.

Between 1990 and 2007 significant changes in both the level and structure of consumption took place in Poland. Consumption of potatoes, butter, milk and sugar fell. At the same time consumption of cereal products, meat and offal, vegetables and fruits increased. We could also observe an increase in consumption of wine, mead and beer but decrease in consumption of high-proof alcohols and tobacco products. Rationality of consumption of the discussed products was highly correlated with the level of households' income.

The analyzed period brought big diversification in the level of food consumption in the Polish households. In wealthier households relatively high consumption of more expensive products of higher quality was observed, while the diet of low income households was poor and basic, with the domination of cheaper products and lack of products with high nutrition value, vitamins and mineral salts. It should be stressed that changes in food consumption of the Polish households in the time of economic transformation caused rationalization of nutrition, no matter the reason. An advantageous phenomenon in eating habits of households was the increase in consumption of products of vegetable origin, including vegetable fats, fruits and vegetables. There were also clear changes in the structure of fat consumption. Consumption of vegetable fats increased and at the same time there was a drop in consumption of animal fats. Another positive transformation in the Polish consumers' diet was the change in structure of meat consumption. Beef consumption decreased, while poultry consumption increased what is estimated as positive and rational tendency. As another favorable change the increase in fish and fish preserves consumption should be mentioned. Unfortunately, the absolute level of fish consumption is still low and estimated as insufficient by physiologists. The next advantageous phenomenon was a decrease in sugar consumption. As a result of the indicated changes the nutritious and caloric value of the average food ration in the Polish households decreased.

One of the indicators of the degree of consumer needs fulfillment, especially higher level needs, is the households' equipment with durable goods. In time of transformation a significant progress in this field could be observed. Frequently the progress in the equipment of households was accompanied by the progress in modernizing the equipment. An increase in the level of durables at the disposal of households in conditions of decreasing real income was possible because of using savings, credits, and hire purchases offers. Thanks to well-supplied market, rich offer and changes in relations between prices of durables, years between 1990 and 2007 were very beneficial for the Polish households in terms of improvement in population's equipment in durable articles. The number of TV sets, refrigerators, washing machines, cars and other durables generally increased. The situation is different only in case of luxury goods, like: plasma TV sets, video cameras, dishwashers, pressure coffee makers and others.

However the level of households' equipment in durable articles is not equal in all groups of households. The best equipped are households that have higher income. The same notion refers to the speed of changes in households' equipment. The 1990's is the period of creating new standards in the household equipment. In the following years of the analyzed period the households purchased 'new' articles, e.g.: a satellite dish, a mobile phones and others. It should be also stated that differences between essential and luxury products are gradually erased. Durables may be basic goods, well known and traditionally used in the households, nevertheless through constant technical improvements and aesthetic changes they may become prestigious as well.

Increase of share of services' consumption between 1990 and 2007 was in a big part the result of commercialization of these services which were previously financed from public

funds as well as from developing new service markets. In fact, many various factors determined the increase in the meaning of services. One of them is the increase of consumers' demand caused by social and demographic changes. Another cause is the increase of demand for services from other economic sectors (Boguszewicz- Kreft, 2003).

However, the process of servicization of consumption was to a great extent curbed by quickened industrialization of consumption. In Poland, the speed of servicization of consumption was also the result of diversified dynamics of consumption goods and services prices. The prices of services were rising at the fastest pace in the analyzed period. Not without the meaning was also the income factor, expression of which was that the level of services' consumption was the lowest in the group of poorer households. The greatest share of expenditures on services (in the scope of health, recreation, culture and others) was noted for the wealthiest households. Within the last couple years the share of expenditure on services increased twice. In 1990 the share of services in consumption amounted to 22,4% (Stefaniak, 2003).

On the basis of data from national accounts, and especially from statistics of GDP division, the following conclusion can be drawn:

- Because of high indices of food consumption in the first years of transformation, years between 1989 and 1992 can be described as food stage;
- The highest rate of changes in consumption of non-food articles was noted between 1993 and 1996. That period of transformation in the Polish economy can be described as industrial stage;
- The second half of 1990's and the beginning of the 21st century, so years between 1997 and 2007, are the period of rising share of services. This fact shows, that consumption in the Polish society entered into third stage – stage of servicization.

In the end it is worth adding, that indices of non-food articles consumption which are still high in selected groups of households indicate industrial stage in consumption. Considering different socioeconomic groups of households one can make the conclusion that industrial and service stages occur at the same time, once intensifying and another time limiting each other. It should be stressed that evolving from one stage to another is the effect of developed needs and of an increase in the wealth of households. Apart from quantitative changes, qualitative transformations are also important.

Regularities of changes in the Polish people consumption in the period of transition

Process of economic transition which started in the half of 1989 opened way to change the Polish economy, which functioning according to the previous rules was no longer possible. Transition of the Polish economy into market one based on setting the market as the main regulating mechanism. It involved such actions as: privatization, increase of independence of economic entities, freedom in establishing prices, creating conditions for competition and others (Belka, 2000). At first, except of all range of negative effects of transformation (e.g. considerable increase of prices, unemployment and decrease of real income), market mechanism created conditions for increasing the effectiveness of management. And particular elements of market mechanism regained their position of active factors shaping consumers' behavior.

In the first period of transition due to an unfavorable income situation many households were forced to resign previous model of consumption. However, it must be indicated, that in this period not only consumption decrease but it even increased in case of some goods (e.g. food consumption). Such a situation could be explained by the ratchet effect and 'full shelves shock'. The ratchet effect means that in conditions of falling real incomes consumers tend to maintain for some time the previously achieved level and structure of consumption. At

the beginning of the 1990's the Polish consumption objects faced the consumption challenge that was new for them. Shops, marketplaces and streets were full of goods, which for consumers meant greater freedom of choice, more attractive fulfillment of consumer needs, new forms of shopping etc. In that time considerable part of consumers was trying to try out, check, taste for at least once new, unavailable before and unknown goods. Demand for many goods and services, such as: flats, furnishings, domestic appliances, radio and TV sets, clothes, cosmetics and others, accumulated for all these years of centrally planned economy could be finally fulfilled. Important for realization of these purchases were savings accumulated in time before economic transformations. The savings ensured possibility to maintain and even increase purchases of consumer goods and services. And it is typical example of the ratchet effect. After depletion of savings households might have financed their consumption from other accumulated assets, loans or close relatives help. In the period of economic transformation the ratchet effect operated for second time between years 2001 and 2003. After 2000 economic stagnation caused a decrease in real income dynamics, and as a result many households had to resign saving to maintain current level of consumption. It resulted in a stable and sometimes even increased share of consumption in disposable incomes. It must be stressed, that the ratchet effect, so called irreversibility of consumption, does not represent any regularity, because it refers to short, and rarely medium periods. In the long run, after the depletion of all possibilities of financing purchases the level of consumption in households adapts to the situation and the new level of current disposable income (Bywalec, 2007). And it was so in case of the Polish objects of consumption, which in subsequent years of transformation had to adjust their expenditure to current income.

Generally, changes which took place in the structure of consumer expenditure in particular groups of households confirm regularities formulated in Engel's Laws. The first Engel's Law refers to the relation between an increase of households' income and changes of share of food expenditure in income. According to this law in medium-wealth households (societies) the share of expenditures for foodstuff product declines as the household income rises. It means that the increase of income is rather spent on purchases of non-food products, services and savings than on foodstuff. Therefore with the rise of income food expenditures rise slower than other expenditures and savings altogether.

According to the second Engel's Law as the income of people rises and the basic needs are satisfied, there is a certain excess of income that is spent more freely by households. So, with the rising income the share of expenditure on essential goods and services is decreasing and the share of expenditure on goods and services of higher level is increasing. Both Engel's laws do not relate to poor households and societies. In low-wealthy societies increase of income is accompanied by a relative increase of food expenditure, because increase of income is mainly spent to improve the level of fulfillment of food needs. It is so-called pre-Engel situation, when Engel's law is not applicable yet, because food expenditure is rising faster than other expenditures. First Engel's law does not also operate in case of wealthy households and societies, because as people get richer, they can afford better-quality food so the structure of their consumption is different. Rich people consume more expensive products (already prepared for consuming, of higher quality, made of better ingredients, green products) and they consume more restaurant services so as the households' income rises, the share of expenditures for food remains unchanged at low level (10–20%). It is described as post-Engel situation. Analysis of the structure of consumption expenditure in the Polish households allows for noticing that indices presenting the share of food expenditure in the total expenditure differ between groups of households. The indices are the highest in the poorest pensioners', retirees' and farmers' households, and the lowest in the wealthiest households (non-manual employees' and self-employed). An increase in income between 1994 and 2007 was accompanied by a decrease in share of food expenditure in total expenditure altogether, what

is consistent with the Ernst Engel's Law. However, it should be noted that in case of poorer households the decrease in the share of food expenditure is very often an effect of increase in share of fixed expenditures and other basic expenditures and can not be interpreted as consistent with the Engel's Law. Relations between income and structure of expenditure can often take more complex forms. In very wealthy households a set of basic consumption articles is constantly extending to include e.g. clothes and footwear. The share of expenditure on this basic set in case of more wealthy households is decreasing with the rise of income while the share of expenditure on more luxurious goods and services is increasing. These expenditures are for example: expenditure on recreation, sports and hobbies. The wealthier the household the higher the index of expenditure on non-food articles and services is.

Generally, within the analyzed period the percentage share of basic expenditure in relation to free-choice expenditure changed. In 1990 in the group of employees' households the share of basic expenditure in the general structure of consumer expenditure amounted to 75,4% while it was only 63,6% in 2007. The set of expenditures recognized as basic included food, flat, clothes and footwear, personal hygiene and health care products. The share of free-choice expenditure increased from 24,6% in 1990 to 36,4% in 2007. Bigger financial support for free decisions extended possibilities of choice of the Polish consumers and at the same time it confirmed regularity described in the Second Engel's Law.

Another important issue is the Polish consumers' propensity to consume and to save. An increasing meaning of consumption is especially significant in the Polish society, which went through from the deficit economy to excess economy at the beginning of 1990's. Increased orientation on material goods and consumption should be then recognized as a specific reaction to the long-experienced deficit. However, the propensity to consume is still high among the Polish consumers. Availability and favorable offers of bank credits caused considerable interest in this form of financing purchases. As the time was passing, this increased consumption, partly financed by credits, started to accelerate economic development, what was especially visible in the last period of the analyses carried out. In 2006 banks granted the record number of credits what automatically transformed into an increase of gross national demand. So the high propensity to consume of the Polish households was on the one hand determined by the accessibility of credits, better knowledge about general economic development, and about political and economic situation as well as by predictions of future trends, and on the other hand it was influenced by factors lying on the side of households, including income and socio-cultural factors. High propensity to consume determines low tendency to save. Over 74% of households did not have any savings in 2007. Those, which did have, estimated their savings as being equivalent to their three-month income (Czapliński, Panek, 2007).

Table 3 contains indices of propensity to consume and save. The indicators represent the relation between expenditure on consumption/savings to disposable income of the whole sector of the Polish households.

Table 3. Allocation of gross disposable income in the sector of the Polish households in 1991 - 2007 (gross disposable income = 100)

Years	1991	1992	1993	1994	1995	1996	1997	1998	1999
IC	83,7	85	87,5	88,2	86,1	87,2	86,9	86,8	89,1
GS	16,3	15	12,5	11,8	13,9	12,8	13,1	13,2	10,9
Years	2000	2001	2002	2003	2004	2005	2006	2007	
IC	87,9	88,2	92	92,3	92,9	90,4	90,5	90,3	
GS	12,2	11,8	8	7,7	7,1	9,6	9,5	9,7	

IC – individual consumption, GS - gross savings

Source: own compilation, 1991-1999 C. Bywalec: Konsumpcja w teorii i praktyce gospodarowania. PWE, Warszawa 2007 pp. 183, 2000-2007 Rocznik Statystyczny RP 2007 i 2008. GUS, Warszawa 2007,2008, pp.700 i 707

Between 1991 and 1994 an increase of propensity to consume could be noted from 83,7% in 1991 to 88,2% in 1994. Among many reasons of this tendency we can mention: possibility to use savings from, the transition from the producer's market to the consumer's market what was connected with rich trade offer on the one hand and the consumers' demand accumulated for years of deficit on the other hand. Not without the meaning was the Polish men early optimism resulting from the course of transformation. The following years of transformation, 1995 to 1998, brought stabilization in the scope of realized individual consumption. Index of propensity to consume stabilized on the level of 86%-87%. Among reasons of this situation we can mention the development of attractive ways of saving. Another increase in the index was noted in 1999. In 2002 value of the indicator exceeded 90%, and finally it amounted to 92%. This value of the index could still be observed in 2003-2004. The causes of another increase of consumption in the Polish households may be: another wave of restitution demand and speculative purchases, especially before Poland's access to the European Union. Another reason behind this tendency could be a decrease in real income dynamics caused by stagnation in the Polish economy in 2000-2002. The stagnation determined the usage of savings in order to maintain or even increase the level of consumption (Bywalec, 2007). Between 2005 and 2007 an increase propensity to save was noted, so the index of propensity to consume decreased and amounted to about 90%. That 2-2,5% increase of propensity save in 2005-2007, as compared to years 2002-2004, could have been an effect of occurrence of more attractive and more distant (in time) consumers goals in the Polish households. Not without meaning was the fact that the level of fulfillment of consumer needs was still higher. Generally, in 2007 households spent on individual consumption 90,3% of gross nominal disposable income, i.e. by 6,6 pp more than in 1991.

Income, consumption and standard of living make together closely connected set of elements. Each of these elements is connected with economic situation of a country, nevertheless this connection is rather indirect. Moreover those connections have very diversified character. Economic situation first influences the population's income. Income changes transform into changes in the level and structure of consumption, and finally into the population standard of living. Results of the economic transformation may be estimated from various points of view. From the objects of consumption point of view the results may be perceived as positive and negative as well. As it was mentioned before, among negative effects there are e.g. sequence of social phenomena, such as: unemployment, poverty or social stratification. The last one caused that next to the vast majority of low and medium-wealthy households there exists a small group of rich households. For these ones consumption of exclusive, improved and luxurious articles becomes a proof of their wealth and prestige. That behavior is explained by Veblen paradox, which is an example of an exception from regularity formulated in the Marshall's Law. According to this Law an increase causes a decrease in quantity demanded. Veblen effect refers to the situation in which an increase a price of a luxurious good implies an increase in its demand. The basis of this phenomenon lays in the snobbish will to show-off by purchasing rare, unique and exclusive goods. Their exclusiveness is guaranteed by the high price and as the price rises the product's exclusiveness also increases, becoming an incentive to purchase the product (Światowy, 1994). Polarization of the Polish society created small segment of customers of luxury shops where they buy cosmetics, clothes and footwear mainly. At the opposite end of the stratification ladder there are very poor households. In Poland during transformation, especially in the 1990's, poverty was mainly connected with unemployment, low education of the head of the family, numerous children

and living in small towns or in the country. The basis of maintenance of the poorest group of households made social security benefits. In their cases more than once Giffen paradox could be observed. The paradox occurs when consumption increases in the result of an increase in a good's price. Unlike in case of Veblen paradox, Giffen paradox refers to necessities, necessary for poor population existence, especially inferior quality staple foods (e.g. bread, potatoes, rice, noodles). Expenditures on these articles make a considerable part of poor families' disposable income. As the price of the cheap staple rises, poor people can no longer afford supplement their diet with better foods, and must consume more of the staple food. So the rise in prices of certain staple article results in a decrease in expenditure on more expensive products (Rekowski, 1998).

Another exception from the Marshall's Law that was observed in Poland during analyzed period was speculative paradox. Speculation appears when prices do not realize their fundamental functions, and especially when they do not inform about rarity and costs of production of goods. Perspective of rise in prices causes an increase in purchases of goods created by the fear of further rises in prices in the future, and vice versa. A good example is the situation before Poland's access to the European Union in 2004 when the Polish men realized speculative purchases. Considerable part of population bought big amounts of products like: sugar, building materials, home appliances and cars. Differences in amounts of purchases of particular goods in this period are represented by data in the Statistical Yearbooks referring to retail sales in Poland.

Summary

General and unambiguous assessment of reforms in Poland is a difficult task. System transformations which took place after 1989 on the one hand contributed to an improvement in consumers' situation on the market, but on the other hand they caused many new and unfavorable phenomena. According to research results from 2007, only 10% of the Polish men are convinced of reform's success. After early stage of fascination of the transformation process in 1990-1996, the following years, 1997 to 2003, brought negative assessments of reforms. The social perception of reforms in Poland improved only after 2003, though the sense of positive changes was characteristic for people who were able to make a good use of new economic possibilities. These people noted positive influence of reforms on their own life. The rest, these who did not succeed after 1989, considered reforms in Poland as failure. They thought about themselves as the victims of this failure. In result of such statements the general society had critical opinion of changes brought by the Polish economic transformation (Czapiński, Panek, 2007). In spite of favorable changes in the income situation of the Polish households over the last 20 years, as much as 34% of households declared that at their current income level they made ends meet with certain difficulty, 22% of households made ends meet with difficulty and as much as 21% did it with great difficulty. Almost 32% of households declared that their permanent income did not allow fulfilling current needs. However it is worth mentioning that this percentage decreased by as much as 5 pp. during last two analyzed years (Czapiński, Panek, 2007). Generally, satisfaction of the Polish men from almost all aspects of their life stays at the same level or it is even rising. The most radical increase in satisfaction refers to: prospects for the future, country situation, income situation, possibilities of fulfillment of food and cultural needs. But the level of satisfaction from the health care got worse (Czapiński, Panek, 2007). Changes taking place between 2000 and 2007 on the labor market are noteworthy. These changes altogether directly indicate an improvement in the Polish living situation. Improvement of the population standard of living is also confirmed by great progress in some fields, such as: considerable increase of a number of computers and mobile phones, greater access to the Internet, rising level of education, length of life and oth-

ers. Income situation of the Polish households is improving year by year. Finally an improvement in fulfillment of consumer needs of the Polish is proved by such phenomena as: rationalization of food and non-food articles consumption and increase in consumption of services.

In closing, it is noteworthy that changes which occurred in the level and structure of consumption were provoked by unprecedented transformational determinants and they arranged in mass scale into various regularities, referring to the whole society. Limited scope of the study caused that part of the regularities was only mentioned, without broader explanation. Nevertheless further thorough observation of consumption determinants as well as of changes in the consumption themselves is needed. Analysis of the regularities allows for early recognition of future tendencies in consumption and in the standard of living. That information is crucial for the objects responsible for social and economic policy since it ensure the time necessary to undertake appropriate corrective actions.

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