




Weekly Briefing

Poland social briefing:
SOCIETY IN POLAND 2018
Joanna Ciesielska-Klikowska

China-CEE Institute

Kiadó: Kína-KKE Intézet Nonprofit Kft.
Szerkesztésért felelős személy: Chen Xin
Kiadásért felelős személy: Huang Ping

 1052 Budapest Petőfi Sándor utca 11.

 +36 1 5858 690

 office@china-cee.eu

 china-cee.eu

SOCIETY IN POLAND 2018

Since the transformation of the political system, the Polish labor market and high unemployment rate related to the collapse of many branches of the industry, have been one of the main troubles for the political leader as well as ordinary citizens in the area of social policy. Fortunately, in recent years we are witnessing a rapid change in relation to the problems of the labor market, social care and the whole social policy in Poland. Also, in 2018, the employment rate significantly improved, the minimum wage and the average wage in industry increased and the level of expenditure on social assistance increased (in particular, support for families within the programs "500+" and "Good Start"). This however does not influence positively the demographic development of the Polish society, which, despite progress in the economy, is decreasing and the process of aging and depopulating of cities is progressing every year.

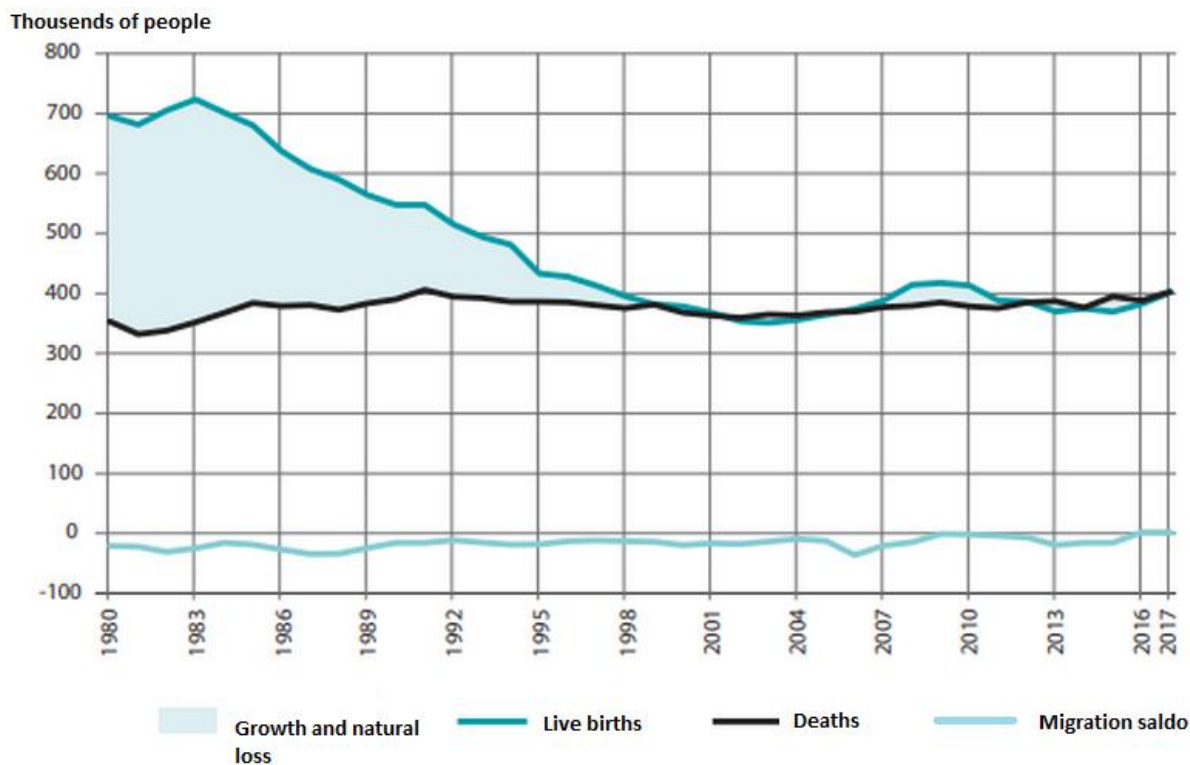
The two-digit unemployment rate, which peaked at the beginning of the 21st century (at that point it exceeded the 20% threshold), seems to be forgotten. According to the latest data, the unemployment rate for the whole 2018 should not be bigger than 6.2%, what is the lowest unemployment rate since the beginning of the political transformation. What's more, the trend is clearly downward and the employer's market is changing into the employee's market. This is undoubtedly very good news for most Poles. On the other hand, taking into account the latest social, economic and political factors, several important challenges could be seen in 2018.

1. The first challenge is connected with the situation on the labor market. Stable economic growth has undoubtedly been reflected in the improvement of the situation on the Polish labor market. But the current good economic situation in Poland and global prosperity are not the only factors that influence positively the Polish employment rate and create the need to look for labor forces (most often from Ukraine - due to geographic, linguistic and cultural proximity; there is also an increasing trend of searching for the employees from Asian markets - in particular from India and Pakistan).

Since 2004, when Poland has entered the European Union, there is also a very clear trend of Poles seeking employment outside Poland, i.e. in countries belonging to the European community (especially Great Britain, Ireland, Germany). Today the amount of abroad working Poles is estimated to exceed the level of 2.1 million people, and it contributes to keeping the unemployment rate in Poland on a low level but also indicates

that if such a large group would return from abroad, it would significantly change the situation on the market. Although their re-emigration seems impossible in the short term, Brexit negotiations and latest Polish-British talks on the situation of Poles on the British Isles after leaving the Community by the United Kingdom show that in the coming months Poland will have to face the problem of (some) Poles returning from emigration. It will certainly be a challenge not only in terms of the labor market, but also in terms of great social needs, because it will mean among others searching for place in schools or kindergartens for children of these economic migrants, re-establishing their situation in Polish society and rebuilding the social ties, which were often broken by a long-term stay abroad.

2. The second important social trend is the increasing aging of the society. According to the report presented by the Polish Central Statistical Office (Główny Urząd Statystyczny, GUS) in the year 2018 Poland entered the period of another demographic crisis (which was previously seen in the decade 1997-2007), but the current one may probably be a longer trend. Poland is undergoing a great generational change. Data show that for ensuring a stable demographic development of a country, for every 100 women aged 15-49 there should be an average of 210-215 born children - currently in Poland however there are only 145 children per 100 women in childbearing age. Only in four provinces is the ratio higher than the national one - the highest value of fertility is in the Pomeranian Voivodeship (in 2018 it was 162), Wielkopolskie and Mazowieckie (158), and Małopolskie (149); on the contrary the lowest is in Świętokrzyskie province (126) as well as in Opolskie (129).



Source: Central Statistical Office (Główny Urząd Statystyczny, GUS), 2018

As the Central Statistical Office suggests: "The trends of demographic processes observed for almost 30 years indicate that Poland's population situation is difficult". In the near future, no significant changes can be expected to guarantee stable demographic development, while the low birth rate will also have a negative impact on the future births, due to a smaller number of women in childbearing age in the future.

Latest research show that within the next 25 years, the population of Poland will decrease by 2.8 million people (from 38 million people to 35.2 million). The most important reason for that will be increasing of mortality, because the children from the demographic boom from the 1950s will start dying (it is expected that in 2040 the number of deaths will reach 440 per 1.000 inhabitants). The second significant factor - that is already happening - will be postponing by young people the decision to establish a family and give birth to children - their amount will still decrease and more and more people will decide to live alone or in pairs, but as childless marriages. Also the dependency ratio (population in non-productive age per 100 persons of working age) will be getting bigger - 2018 it exceeded the level of 63.

3. The demographic low is also associated with the third social challenge - the depopulation of cities, especially the medium-sized ones, which will probably lose even

half of their population in coming years. In Poland there are 930 cities and towns, 255 of them are medium sized cities with a population between 20.000-100.000 inhabitants. The decrease in their population will have a direct impact on the wealth of these cities and the possibility of financing, for example, social assistance programs for the poorest or those unable to work.

The above-mentioned points do not assume positive changes in the current demographic trends, and the researchers agree that we are now witnessing very worrying social changes. Their manifestation will find its negative reflection in the social situation in Poland.

The negative expectations are compounded by recent reforms, which are to enable Poles to make decisions about having more children and to secure their future in a material way through the introduction of the "500+" program (monthly material help in the amount of PLN 500 for each second and subsequent child in the family), and the "Good Start" program (one-time material help for buying textbooks and school aids for every child up to 18 years old). As the politicians believe, the effect of this generous social policy may be an increase in the number of births of children, however, so far, there is no indication that this should actually be a recipe for the ongoing demographic changes.

There are several medications for the presented problems. The first of these is the reversal of current demographic trends. Nevertheless, this seems to be an extremely difficult task. The second one is the inflow of immigrants, which is de facto noticeable now. According to estimates, over 1 million Ukrainians are staying and working in Poland. They are mainly engaged in less qualified jobs, which Poles do not want to undertake. Wider opening of doors for foreigners, especially for those from the East may solve the crisis with the lack of hands to work and change the demographics proportions, because more and more Ukrainians settle in Poland and start families here. There is also a third solution - the return of Poles from emigration. However, this option is subject to significant uncertainty. The rulers hope that Brexit will contribute to the return of 100.000-200.000 Poles living in the UK. It is possible that such expectations are not groundless. However, from over 1 million Poles living in Great Britain, around 100.000 were already born in exile. That is why the implementation of government forecasts will not have a significant impact in the long term, because the scale of the problem is much greater. In turn, persuading other emigrants to return may end in mediocre effects, because most of them plan to continue their lives outside the country. This is evidenced

by the results of surveys conducted by the Polish National Bank (Narodowy Bank Polski, NBP) and the increasing purchases of foreign real estate by Polish emigrants.

Conclusion

Current demographic trends and reforms do not support positive changes in Polish social environment as well as labor market in the long term. As a result, this can go from one extreme to the other - a very high unemployment rate over the years will be transformed into a phenomenon of lack of hands to work. Moreover, there are many indications that the possibilities of solving this problem are quite limited. The most effective recipe may be the inflow of immigrants, because the probability of re-emigration of Poles seems to be low. The best way to get out of this difficult situation is to reverse unfavorable demographic trends, but for now, no one has found an effective method for this. The government seems to notice future social problems. Still, another issue is how it intends to deal with them. So far, the current political actions seem to contradict the current trends and forecasts.