

## **Country report: "Aging in Poland: Current State, its Causes and Implications<sup>1</sup>"**

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### ***I. Introduction***

The subject of the following text is to present briefly the current demographic situation in Poland and to discuss whether the phenomenon of an aging society is visible or influences social policy in this country.

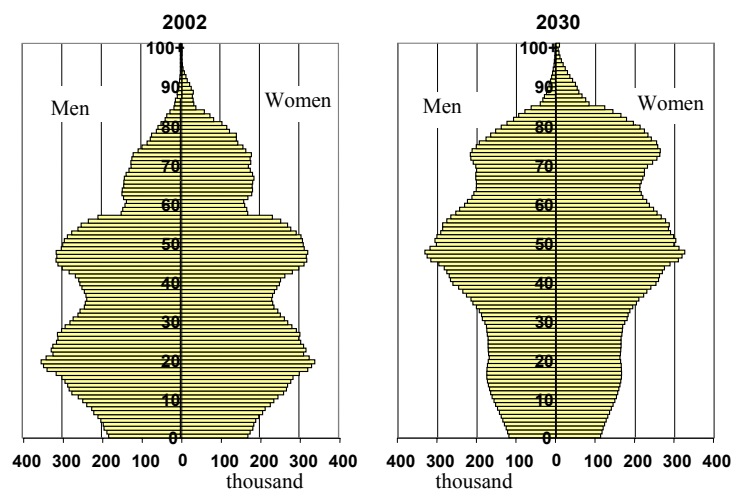
Poland is a Member State of the European Union with 38 million inhabitants. Population ageing is starting to have an impact on Polish society, despite a baby-boom generation born in the late 1970s and early 1980s. Life expectancy is increasing, between 1991-2002 average life expectancy increased from 70.6 years to 74.5 years, which was 4.3 years more for men and 3.5 years for women. Fertility rate equalled 1.25 in 2002 and will result in a declining share of the youngest and a continuous increase of the older persons (GUS, 2004). Many demographers, e.g. Kotowska (2003), agree that demographic ageing will soon be a great challenge for Poland – especially with an increasing share of the over 65s in the total population. According to projections of Polish Central Statistical Office (GUS, 2004) the proportion between working age (18 to 59 years for women and 18 to 64 years for men) and older non-working age (or retirement age 60/65+) population will change significantly. In 2003 working age population equalled to 23.8 million and it will increase by almost 1 million until 2010. In the same period, over retirement age population will increase from current 5.8 million to 6.4 million. Number of people aged 85 and more will increase by 50 per cent to half million in 2010 and reaching almost 800 thousand in 2030. The share of 60/65+ in total population will increase from current 15 per cent to 17 per cent in 2010, 23 per cent in 2020 and even 27 per cent in 2030.

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<sup>1</sup> In 2002-2005 we did research on active ageing in the project of "Overcoming Barriers and Seizing the Opportunities of Active Ageing Policy in Europe", 5 FP, HPSE-CT-2002-00102.

Shapes of population pyramids presented in Figure 1 on the next page indicate described demographical change.

Figure 1. Population by sex and age in 2002 and 2030 in Poland.



Source: Central Statistical Office projections, GUS (2004)

One of the main issues concerning the situation of older people is their low activity on the labour market that started to be explored only recently (see e.g. Boron, 2002). The transition from a centrally planned to a market economy that began in 1990 considerably changed the labour market situation. Massive layoffs placed many people in the new situation of employment seeking. Especially older people used numerous possibilities of disability pensions and early retirement to avoid unemployment after layoffs from big companies undergoing restructuring. A very low labour market participation rate and difficulties in finding a job after a dismissal in older age resulted in low employment ratios of people already in their early 50s and low labour force participation rates (LFPR). Table 1 presents changes in LFPR between two national censuses.

Table 1. LFPR by age and sex in 1988 and 2002 in Poland in percent

	<i>National Census 1988</i>			<i>National Census 2002</i>		
	Total	55-64 yrs	65+	Total	55-64 yrs	65 +
<i>Total</i>	65.3	52.3	24.1	55.5	30.4	6.9
<i>Men</i>	74.3	63.7	32.5	62.3	40.4	10.6
<i>Women</i>	57.0	42.7	19.0	49.2	21.9	4.6

Source: GUS (2003)

Poverty is potentially a serious barrier to any ageing policy in Poland. Unemployment among over 45s rose from 8.5 to 11.9 per cent between 1993 and the first quarter of 2001. The elderly are in a better situation than other groups, such as young people with a rate of 41.2 per cent and unskilled workers at 22.9 per cent (Beblo et al., 2002). This favourable impression is even more evident when analysing poverty rates among households by different socio-economic groups. In 2000, old age and disability pensioners were below average for all objective measures of poverty, but remained slightly above average in

relation to the subjective poverty line. Here, about 38.2 per cent define themselves as poor.

On the other hand, economic changes in Poland have contributed to the revival of the extended family. Even though seniors' role in the family seems to have increased (Synak B., 2003), and more of them now share apartments and homes with their children and their children's families than did so in 1989 when the transition began, they continue to feel lost and suffer stress. There has been one positive effect, though: in many cases grandmothers now do much of the caring that would otherwise have to be done by nursery services and kindergartens (Czekanowski P., 2003).

Both in rural and urban areas pensions remain insufficient to satisfy even the most basic needs (Perek-Białas J., Topińska I., 1998, Czepulis-Rutkowska Z., 2000). That is why senior citizens are very often called the lost generation - even when their role in contributing to the family budget and helping their children and grandchildren is significant (Czekanowski P., 2003).

## ***II. Institutional and policy landscape***

Demography and labour market behaviour show that ageing is an issue that should be in the forefront of social policy in Poland and it should be operationalised by actors within an institutional landscape of comprehensive social policy.

The institutional landscape in Poland resembles policy networks in other European countries. The central institutions (like The Ministry of Economics and Labour, The Ministry of Social Policy) lead the public sector policy-making efforts. Policy formulated and designed in the ministries is implemented by the Social Insurance Institution (ZUS) in the field of social security, labour offices for the labour market and by regional and local institutions related to social assistance. The newly created regions share responsibility for providing social assistance with central government and NGOs could provide different services to older people, also the EU funding somehow helped in it.

The policy landscape of activities aimed at older people is spread across a wide range of services and different levels of governance. Some of these policies are aimed at providing advice, some at reducing social exclusion and some at providing leisure services to seniors. Although innovative and interesting initiatives do exist - the University of the Third Age, for example, many are based exclusively on the drive of committed individuals. Local actors have little or no knowledge of activities elsewhere. Policy actors lament a lack of interest by central government and politicians. There is, they argue, no real debate and even less political will. The academic debate has next to no effect on policy-making. Older people in Poland have little or no effective political representation. Although the ageing issue attracted some attention from major parties in the 1990s, the issue was generally defined in economic terms, that is, in terms of pensions. Although Poland is one of the few countries with an explicit pensioner's party, it has had no success at the polls.

### **III. Public debate and policy actions**

The public debate about the issue of ageing in Poland takes place primarily among experts, such as demographers, economists, sociologists and social gerontologists. Although there are considerable challenges, the debate about ageing and the impacts of ageing is rather modest. Issues addressed in the debate include unemployment - of younger rather than older workers, early retirement, the revival of the extended family and the reintroduction of multigenerational households. As in other countries, the UN Year of the Older Person has been an effective focusing device for policy debate.

It seems that the generous social security system introduced at the beginning of 1990s lowered participation rate of older persons. Retired persons usually do not come back to the labour market, which is the important barrier for increasing their economic activity. The major pension reform implemented in 1999 can have some impact towards later retirement. It links level of a benefit with longer work more closely and future pensions will depend strongly also on chosen retirement age. However, by now, due to the long transition period after introducing the reform, companies do not treat it as important in the short term for retirement decisions. The reformed system affects people who work currently not those who now retire.

For the labour market, the first governmental program called "50 plus" has been prepared in 2003 by the Ministry of Economy, Labour and Social Policy<sup>2</sup>. It is focused on older persons in the most difficult situation from the employment point of view, i.e.: the unemployed, endangered by layoffs, those at the end of period in which they received temporary disability benefits. The program is realised via projects chosen via public tenders and is still at the early stage of implementation.

However, effectiveness of policies to increase economic activity at older ages depends also on preferences of employees themselves. If we look at results of public opinion surveys on the question of older people activity in the labour market, it turns out that in Poland people are against long activity, especially in times of difficult economic situation or high unemployment (CBOS, 2003). Retirement preferences show that the most preferred retirement ages are five years lower than the standard legal retirement age in Poland (which is 60 for women and 65 for men). Actual retirement ages (taking into consideration early retirement) mirror these preferences.

The economic challenge of ageing in Poland is emphasised by the present situation on the labour market. Poland has high unemployment - 18.8% in February 2003 - and this does not encourage working beyond the official retirement age, which is 60 for women and 65 for men. There are extensive opportunities to take early retirement. In 2004 the average age of a new old-age pensioner was 56.8 years and disability pensioner 47.6. It is also worth mentioning that in 2004 there were 7.2 million pensioners in the employee pension system (ZUS, 2005) and 1.7 million in the farmers' pension system (MPS, 2005).

Pension system regulations are a key issue in ageing as they can encourage or deter early withdrawal from the labour market. In Poland, there are two major issues related to economics and ageing: women can now retire five years earlier than men, which will mean lower pension benefits in future and there are about

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<sup>2</sup> MGPIPS (2003)

500 thousand people receiving state pre-retirement benefits, which increase annually and were recently limited to 80 per cent of the future retirement pension.

In 2005, the gross replacement rate for the average earner after 40 years of work was 63 per cent (or 78 per cent for the net replacement rate). The exact replacement rate in the current pension system depends on the length of individual work career and earnings in the last 10 years preceding retirement. Every woman after 20 years of work and at age of 60 and every men after 25 years of work and at age of 65 is entitled at least to the minimum pension benefit which equals to around 22 per cent of average monthly wage.

Additionally, Polish peoples' attitudes are significantly different from other Europeans if we examine their opinions on retirement age and forced retirement. Around 70 percent of the interviewed sample (nationally representative survey organized in January-February 1997, N=1153) agree that "When jobs are scarce, older people should be forced to retire from work early"<sup>3</sup> and only 15 percent disagree with this statement.

#### **IV. Conclusions**

It seems that whereas Poland was a policy innovator in pension reform compared to other Central and Eastern European countries (and also some of Western European countries), ageing issues have not yet stimulated similar breakthroughs, and remains of little importance to Polish policy-makers. Even though there are some actions discussed or even taken in different fields (e.g. labour market Program "50+"), the lack of institutional mechanisms, discriminatory socio-cultural perceptions and the unfavourable economic climate, all constitute very serious barriers to implementing any ageing strategies. However, it seems that the problem has been noticed and demographic changes will influence broader discussion on this in future.

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<sup>3</sup> Own calculations based on the World Value Survey, 1995-1997

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