

# Table of contents

<b>I. Economic developments and the labour market</b> .....	9
1. Macroeconomic developments .....	9
2. The magnitude and characteristics of job losses .....	11
3. Wages and unit labour costs .....	15
<b>II. The challenge of unemployment</b> .....	19
1. How many unemployed? .....	20
2. Who are the unemployed? .....	21
3. Where are the unemployed? .....	24
4. The build-up of long-term unemployment .....	28
5. Inflows, outflows and the likely rise of unemployment .....	30
<b>III. Restructuring of the Polish economy: recent trends and the perspective for employment</b> .....	35
1. Structural changes in the Polish economy: public versus private ownership .....	36
2. The sectoral dimension of economic restructuring: recent trends and expected employment changes .....	44
3. The regional dimension of the economic transition and employment changes .....	57
4. Skills of the labour force and emerging needs for economic restructuring .....	61
<b>IV. Education and training responses to short-term problems and longer-term developments in the labour market</b> .....	65
1. Changing skill requirements as a consequence of structural and occupational change .....	66
2. Challenges for initial education and training .....	68
3. Further training and retraining .....	77
4. The financing of vocational education and training .....	80
5. Short-term responses to youth unemployment .....	82
6. Summary of policy conclusions .....	84

<b>V. Policies and measures to combat unemployment and facilitate industrial restructuring</b> .....	87
1. The status of developing a labour market in Poland .....	87
2. Role of labour market policy in relation to macroeconomic policy ...	89
3. Employment law .....	89
4. Employment offices .....	91
5. Income support .....	92
6. Active labour market policies .....	93
7. Crisis regions .....	94
<b>VI. Reinforcing the policy stance</b> .....	97
1. Shift from a passive to an active use of unemployment benefits .....	97
2. Building an effective public employment service .....	103
3. Restructuring the unemployment benefit system .....	105
4. Fine-tuning the active labour market approach .....	107
5. The importance of a smoothly-functioning labour market .....	112
6. Importance of evaluating programme outcomes .....	113
7. Expenditure and budget issues .....	114
8. How labour market policy ties into industrial and regional policy ...	117
<b>VII. Conclusion</b> .....	119
1. Recent labour market developments and the orientation of policies ..	120
2. Institutional issues .....	123
3. Financial issues .....	124
<i>Annex A</i> Socio-demographic trends in the 1980s and medium-term perspectives	127
<i>Annex B</i> The privatisation process .....	133
<i>Annex C</i> Labour market policy financing .....	139
Notes and references .....	145

## List of tables and charts

### Tables

1.1 The initial impact of the economic transformation programmes: Poland, Hungary and the former CSFR .....	10
1.2 The employment response in industry .....	13
2.1 Registered unemployed in Poland .....	20
2.2 Distribution of regional unemployment and vacancy rates .....	28
2.3 Distribution of the unemployed by duration .....	29
2.4 International comparisons of inflow rates and exit probabilities .....	31
2.5 Unemployment and structural change .....	33
3.1 Indicators of growth in the number of private firms .....	39
3.2 Proportion of self-employment in total employment by macro-sectors .....	43

3.3	The role of female employees in the national economy . . . . .	46
3.4	Indices of specialisation in industry . . . . .	48
3.5	Basic indicators of Polish industry . . . . .	50
3.6	Recent trends in the sectors of Polish industry . . . . .	53
3.7	Educational level of the labour force . . . . .	62
4.1	Enrolment rates at secondary and higher levels of education . . . . .	71
4.2	Important values in the hierarchy of life aims of Poles . . . . .	72
6.1	Labour Fund expenses, 1990-92 . . . . .	115
6.2	Labour Fund income, 1990-92 . . . . .	116
6.3	Number of clients served by active labour market policy in Poland, 1990-92 . . . . .	117
A.1	Basic demographic and labour force data for Poland and a selected group of countries . . . . .	128
A.2	Labour force participation rates by age, sex, and place of residence, 1978 and 1988 . . . . .	130
B.1	Privatisation of state enterprises: sectoral breakdown, 1992 . . . . .	134
B.2	Privatisation record in Poland . . . . .	136
C.1	Social expenditures . . . . .	139
C.2	New pensions . . . . .	140
C.3a	Number of beneficiaries per 100 insured . . . . .	141
C.3b	Benefit/wage ratios . . . . .	141
C.4	Social security contributions . . . . .	142

## Charts

1.1	Industrial output, employment and productivity . . . . .	12
1.2	The sectoral profile of employment changes in the private and public sectors . . . . .	14
1.3	Real wages and unit labour cost, wage norm and average nominal wage	16
2.1	Characteristics of the unemployed . . . . .	22
2.2a	Regional unemployment rates . . . . .	26
2.2b	Regional vacancy rates . . . . .	27
2.3	Inflows, outflows and the growth of unemployment . . . . .	31
2.4	Unemployment flows and the steady state, 1992 . . . . .	32
3.1	Employment changes in the main sectors of the economy . . . . .	37
3.2	Characteristics of employment in the public sector and private sector outside agriculture . . . . .	41
3.3	Distribution of employment by sector, international comparisons, 1980-1991 . . . . .	45
3.4	Trends in Polish industry, main indicators, 1989-1991 . . . . .	52
3.5	Output and employment trends in industry . . . . .	54
3.6a	Changes in regional employment, 1991/90 . . . . .	58
3.6b	Changes in total regional employment, 1991/89 . . . . .	58
3.6c	Regional distribution of employment by sector, 1991 . . . . .	59
3.7	Employment by occupation and major branch . . . . .	63
4.1	The education system in Poland . . . . .	69
6.1	Unemployment benefit system in 1992 . . . . .	106