The consequences of ageing for the Polish economy

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Abstract

The ageing of population, as well as the expected decline resulting from the demographic changes, may have a negative effect on the economy, burdening national budgets. Poland has been among 30 demographically old countries in the world for years, and the ageing of the population has already begun in the early 1970s (Majdzińska A., 2015). The subject of the study is the economic effects of ageing society in Poland. The aim of the article is to present the economic consequences of ageing in Poland. The data from the Central Statistical Office on the demographic situation in Poland are used in the article. The ageing of the population is perceived as the dominant demographic process reflecting changes in the age structure of the population and the growth in the general elderly population. Therefore, the task of the state policy is to ensure the most optimal development for ageing population. The ageing of society imposes many tasks for social policy, including pension deficits, increase in healthcare service costs and care for the elderly, as well as slowing down in economic growth in the context of increasing social costs (P. Błędowski, 2012). Human ageing is a natural process, and at the same time, it has become a subject of interest among researchers working in various scientific environments. Therefore, it is necessary to regularly observe changes and undertake extensive discussions in this regard. It goes without saying that the course of aging process and its consequences require increased attention from experts and politicians. It is necessary to take up-to-date actions that will mitigate the negative effects in the future.

Keywords: aging society, economy, demography, demographic policy.

Introduction

The aging process is considered to be a universal phenomenon because people have always been getting old. At the same time, the intensity of this phenomenon has increased in the last few decades, especially, in highly developed countries. The birth rate decreased due to the prolongation of many aspects, including (A. Dragan, 2011):

- civilization progress,
- extension of life expectancy,
- improvement of life quality.

Demographic forecasts for the period 2014–2029 assume a decrease in the number of Poles by 1.2 million, mainly in the 20–44 age group. At the same time, there will be a significant increase in the share of population aged 65 and over. The progressive evolution of an aging population is becoming a test for politicians, requiring the application of far-reaching, comprehensive and centrally harmonized actions on many levels (Central Statistical Office, 2024).

Material and methods

The methods of observation and statistical analysis are used in the paper. The extension of

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life expectancy of Polish society can be seen in the chart below.

**Figure 1 – An average number of life span in Poland in 1990 and 2018**

![Chart showing life expectancy in 1990 and 2018](image)

*Source: Own study on the basis of Poland with figures, www.stat.gov.pl [access: 25.03.2021]*

As it can be seen from the chart above, the average life expectancy of Poles in 2018 increased in almost 8 years for women, and 6.5 years for men. (www.stat.gov.pl, 2021). It is worth pointing out that this will undoubtedly have an impact on the so-called demographic old age. Despite the fact that this phenomenon is observed in each of the populations, one of the most dynamic changes is predicted in Poland. (B. Zasępa, 2015).

A disturbing phenomenon is not so much the quantitative growth of older population, but its participation in the structure of the population as a result of the decrease in the share of the youngest age groups in relation to the entire demographic structure of society. On the basis of demographic research, it can be concluded that the dynamics and the degree of aging of the society largely depend on the intensity of birth. When the birth rate is high, the participation of children in the population structure increases. In this way, a society is rejuvenated. The aging of the society is the result of life extension of old people. The increase in the survival rate of newborns is the factor inhibiting the above-mentioned phenomenon (A. Dragan, 2011).

In Poland, there has been a decrease in the birth rate for nearly twenty years, resulting in decrease in the participation of the youngest age groups and in increase in the average age of the society. There is also an increase in the age at which the female decides to give birth to the first child. This is happening due to their greater professional activity. There has been also a significant reduction in the number of marriages. More and more people decide to have informal relationships, thus the number of people willing to have a child is decreasing (A. Dragan, 2011).

The aging of the population is also connected with such factors as:

- current family model,
- social policy of a given country,
- affluence of people in a country,
- level of health protection,
- level of social welfare,
- education of the population.

It can be concluded therefore that the aging of the society is connected not only with the demographic aspect, but also with the economic and social spheres. This is illustrated by changes in the consumption structure, including the increased demand for some of the services. Thus, there is a need for the state to take actions for adapting infrastructure and making financial outlays for various types of social and economic areas (A. Dragan, 2011).

The aging of the population and the demographic decline have a significant impact on the economy of the country. In this way, the labor force is also reduced. For this reason, in the opinion of European Commission analysts, it is predicted that in Poland after 2021 the potential growth of the Gross Domestic Product per capita will decrease from 4.7% to 3% (X. Devictor, 2012).

X. Devictor points out that, due to the experience of other countries, the best solution to the aging of the population is an approach focused on persuasion of people (X. Devictor, 2012):

- work longer,
- to increase productivity,
- to work better,
- to work at post-working age.

In his opinion, the percentage of the population over 65 may be doubled in 2030. This is a problematic issue, as if a smaller part of the society takes up work, the production in the country will be also reduced (X. Devictor, 2012).

As it was mentioned above, it is of great importance to enlarge the group of people who take up work in the productive age. This indicator is still too low in Poland, especially in relation to...
young people, people over 55 and women. It is an indicator that differs significantly from the average indicator in the European Union. It is very likely the result of favorable conditions for early retirement (X. Devictor, 2012).

Although currently Polish society is still younger than the average age of all European Union countries. At the same time, however, the pace of the increase in the average age in Poland means that it is highly probable that Poles will gain the position of the oldest societies in Europe in the coming decades.

**Results and discussion**

In the opinion of the authors of this article, Poland should follow the actions taken in other countries, which focus on providing care not only to children, but also to elderly relatives. In this way, people of working age don’t need to look after their relatives and stay at home. Beneficial effects may be also achieved by creating flexible working conditions, for example, providing work in the form of telework or part-time job. This type of activity may contribute to entering of a significant group of people of working age in the labor market. Beneficial effects may also occur in case of activities focused on enabling older workers to maintain appropriate qualifications and skills that would allow them to keep the job (X. Devictor, 2012).

It is also necessary to increase the efficiency of the employed workers, as it allows to increase production. To achieve this goal, however, the measures should be taken in the field of (X. Devictor, 2012):

- quality of education,
- economic environment,
- innovation,
- introduction of appropriate legal regulations relating to jobs, which would enable to relocate workplace to more productive enterprises,
- economic transformation in case of enterprises with low productivity.

When analyzing the issue of aging in Poland, it is worth emphasizing that this problem is observed throughout Europe. It is predicted that the median age will increase from 38 to 52 in 2050, while the number of people of working age will decrease by 48 million, and the number of elderly people will increase by nearly 58 million (X. Devictor, 2012).

It should be noted that the demographic explosion is mainly observed in poor countries, therefore the lack of linking it with the appropriate economic development may involve a significant risk. What concerns richer countries, to which X. Devictor also includes Poland, it should be noted that they show greater interest in combining development efforts with the ongoing demographic changes (X. Devictor, 2012).

The chart below presents the economically active population of Poland according to age grouping:

- pre-production, covering the years from 0 to 17,
- production, covering the years from 18-59 / 64,
- post-production, referring to the age group 60/65 and more.

**Figure 2 – The population of Poland in the productive age: 1990, 2000, 2010, 2019**

![Graph showing the population of Poland in different age groups from 1990 to 2019](source: Own study on the basis of Poland with figures, www.stat.gov.pl [access: 25.03.2021])
As it can be seen in the above chart, there is a significant reduction in the working age group of Poles in 2019, compared to 2000. In 2019, the number of people in post-working age has almost doubled (compared to 1990). In Poland, the number of people in post-working age has been constantly growing since 1990. The above data show the essence and necessity of taking preventive measures. It is also predicted that the number of people in post-production age will continue to grow in the nearest future, while the number of people in the productive age will decrease. The chart below presents the forecasted number of people in non-working age per 100 people in working age.

**Figure 3 – The number of people in non-working age per 100 people in working age – forecast for Poland**

![Figure 3](image)

*Source: Own study on the basis of Poland with figures, www.stat.gov.pl [access: 25.03.2021]*

It can be seen in the chart above that there will be significantly fewer people in non-working age in Poland in 2050, and thus a significant increase in people in the post-working age, that is, aged 60/65 and older (B. Zasępa, 2015).

The fertility rate in Poland has decreased and the average age of women deciding to give birth to their first child has increased.

**Figure 4 – The fertility rate in Poland in 1990 and 2019**

![Figure 4](image)

*Source: Own study on the basis of Poland with figures, www.stat.gov.pl [access: 25.03.2021]*

Thus, the fertility rate in 2019 decreased by nearly 25%, in comparison to 1990. (www.stat.gov.pl, 2021). It is particularly problematic, as a negative birth rate was recorded in Poland in 2019. According to the data provided by the Central Statistical Office, it amounted to -1.4 per 1000 population. The live birth rate was 9.5 per 1000 people, and the death rate was 10.9. Thus, in this case the fertility rate does not ensure the so-called replacement of generations (B. Zasępa, 2015). In a situation where a woman gives birth to two children, the fertility rate ensures that she and the child’s father are replaced. On the other hand, if one child is born, then a negative birth rate is inevitable (www.stat.gov., 2021).

According to the head of the Department of Demographics of the Warsaw School of Economics, A. Abramowska-Kmon, a positive birth rate in Poland is currently impossible. (A. Abramowska-Kmon, 2021). All the more so, people all over the world are currently struggling with the COVID-19 pandemic. Taking into account such a large number of deaths, there is a small chance for a positive birth rate.

Almost all developed countries are struggling with the problem of population aging. However, in Poland, the delay results from the lack of adequate preparation to face the challenges that arise. The example of such lack of preparation is a small number of geriatric doctors, and thus, an insufficient number of medical personnel (X. Devictor, 2021).
Conclusions

1. To sum up, among the factors that undermine sustainable development, one can state a failure to act to support families. Health protection and facilitation of reconciliation of professional duties with parental responsibilities are also of great importance. The task of the state is to ensure mobilization of the available resources and proper social welfare planning. This type of activities includes the increase in the retirement age, enriched with support in senior citizen clubs, nursing homes or retirement homes. Coordination of pension policy and health care provision, in the context of the increase in the rates of societies and the retirement age is associated with the need to find significant funds. The task of the authorities is to make the right decisions that will alleviate the effects of adverse demographic changes in the future (X. Devictor, 2021).

2. The assumption that it is possible to rejuvenate society is true. B. Zasępa points out that knowledge derived from demographic projections should be the driving force in demographic activities that are undertaken individually and collectively. It goes here about projection that Poland will become one of the oldest countries in Europe by 2050. This emphasizes the need to take actions focused on the limitation and minimization of the negative effects connected with this phenomenon, otherwise the aging of the society will adversely affect the functioning of Polish society, not only on an individual basis, but also in terms of family and social aspects. Thus, there will be a need to ensure social security and an appropriate level of competitiveness of the economy itself (B. Zasępa, 2015).

3. Analysts assume that in 2060 more than half of the EU population will be over 50 years of age. Therefore, it is already becoming advisable to target very young people with programs stimulating work, health and shaping a good life in an old age (A. Unton, 2020).

4. The Eurostat data forecast a decline in Polish population from 37.9 million in 2021 to 37 million in 2030, that is by 900 thousand people. The above trend will continue to be at a similar level in the following decades, reaching 34.1 million in 2050, this constitutes 3.8 million people less than nowadays. (A. Unton, 2020). Unfortunately, in 2100, that is, in about 80 years, the population of Poland will shrink to 27.7 million, that is 10 million people less than nowadays. This situation will be the result of a decrease in the number of births, as it is indicated by the data of the Central Statistical Office (A. Unton, 2020). EU forecasts are not optimistic for Poland. They assume that we will lead the ranking of the oldest society in the EU in 2070, because for 100 Poles aged 15-64 there will be 62 seniors, and unfortunately, we will maintain this infamous “leader” position until the end of 2100. (A. Unton, 2020).

5. Small professional mobilization of seniors may result in unsatisfactory human potential in relation to the needs of employers and smashingly weight the pension system down in Poland. The average level of retirement salaries in relation to the earlier pension system declaring a relatively high replacement rate has unfortunately been declining. The evolution of the pension system in calculating the retirement obligation will result in an incomparably lower average replacement rate than in the past, which will result in an even greater risk of poverty among pensioners. It is impossible to ignore women who earning less than men (due to paradoxically funny reason, because they live longer) and “doomed” to forced employment gaps (raising children) are particularly at risk of lower pensions.

6. In order to ensure decent living conditions for the elderly, the period of their professional career should be extended. Therefore, it will be a strategic task to raise the statistical retirement age and build support for extension of professional activity. Although it seems important, it is not synonymous with the economic policy of professional revival of the elderly, as only the growth of employment of the unemployed at the age over 50 or general economic activation of the elderly entitles to
pursue such policy (https://www.pwc.pl/pl/media, 2020).

7. The aging of the population is conducive to a multitude of experiences in the labor market and in domestic and foreign policy. Therefore, it is necessary to constantly monitor the evolution of changes taking place in the demographic structure and apply or continue the innovative solutions in order to minimize the consequences of aging population. The effects of demographic aging seem to be extremely unpleasant for the labor market, they will surely affect social and health care system. The SARS-CoV-2 pandemic showed inefficiencies in Polish pension and health care system.

8. The issue of age discrimination in the recruitment process also seems to be significant for the comfort of life. The right strategy seems to be the intensification of protection of the elderly against discrimination. Despite the prohibition in current labor law regulations, this issue is commonly omitted. The employer has a statutory obligation to provide people over 50 with explanations for the refusal to employ.

9. Concluding the considerations on the economic consequences of demographic aging of Polish society, it is worth emphasizing once again the enormous role of the government which has to work in the legislative and political field. It should initiate an active demographic policy strategy, take over the role of a change leader in employers’ attitudes towards older colleagues and initiate realistic steps towards this group of people. It seems that the stabilization and development of the economy in the coming decades will not be possible if the employees over 50 start to disappear from the market. They could be creative participants in the labor market (https://www.parp.gov.pl, 2020).

10. Demographic policy connected with aging of the society needs actions for the development of the “silver economy”, that is: the evolution of the health care system (favoring geriatrics, long-term care, palliative care), increasing access to the appropriate quality of medical and care services and prevention of social exclusion. Demographic geopolitics forces the maneuvering in migration policy, making it possible to overcome cultural barriers and differences for active life of seniors (Central Statistical Office, 2014).

11. The issue of society aging does not refer only to Poland. We employ foreign workers, mainly from Ukraine. In the face of aging society, the Polish economy cannot cope without immigrants who pay taxes to the budget or social security contributions. According to the Social Insurance Institution, the number of foreigners registered for retirement or disability insurance increased significantly from 65,000 in 2008 to 662 thousand in the first quarter of 2020. According to the latest data, such contributions were paid by almost 485,000 Ukrainians (A. Unton, 2020).

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