The Lisbon Strategy, Competitiveness and the Labour Market – the Case of Poland

Abstract

The final goal of the paper is to answer the question why the employment targets of the Lisbon Strategy are difficult to be fulfilled in Poland. Our hypothesis is that in countries in transition including Poland the two general goals of the Lisbon Strategy: competitiveness increase and employment increase are not in line in the short run and they are contradictory to a substantial degree. In order to discuss the main question we analyse macroeconomic and labour market data for Poland for the period 1990–2005 and compare them with the other EU countries.

The situation of the Polish labour market is very different from that of the EU-15. In 2004 the Polish unemployment rate was nearly three times greater than the average of the EU-15. Total employment rate was lower by about 16 percentage points in Poland than in the EU-15. These tendencies indicate to a completely different initial labour market situation in Poland as compared with the EU-15 countries and significantly different conditions for implementing the goals of the Lisbon Strategy.

The data concerning relationships between GDP growth and employment indicate that the emergence of jobless growth in Poland was more likely than in the EU-15. The other side of the coin is a very fast increase of labour productivity in Poland which has a positive impact on the competitiveness of the Polish economy. One can say that Poland’s unemployment and employment rates have been the price for accelerated growth in labour productivity and improvements in economic competitiveness of the country.

If follows from the statistical data that some of the EU countries have already reached the employment targets of the Lisbon Strategy (Denmark,
There are also countries in which the realization of the employment targets is highly realistic (Finland, Portugal, Ireland, Germany, Luxembourg and probably Cyprus and Czech Republic). In the remaining countries including Poland the realization of the employment target in 2010 is remote assuming the existing relationships between the growth of employment and the growth of GDP are constant. We conclude that improvements of labour market flexibility, a reduction of non-wage labour cost and a faster development of SME’s are important to increase employment rates in the Polish economy.