

# The labour market transition and the challenge of a coal phase-out in Poland

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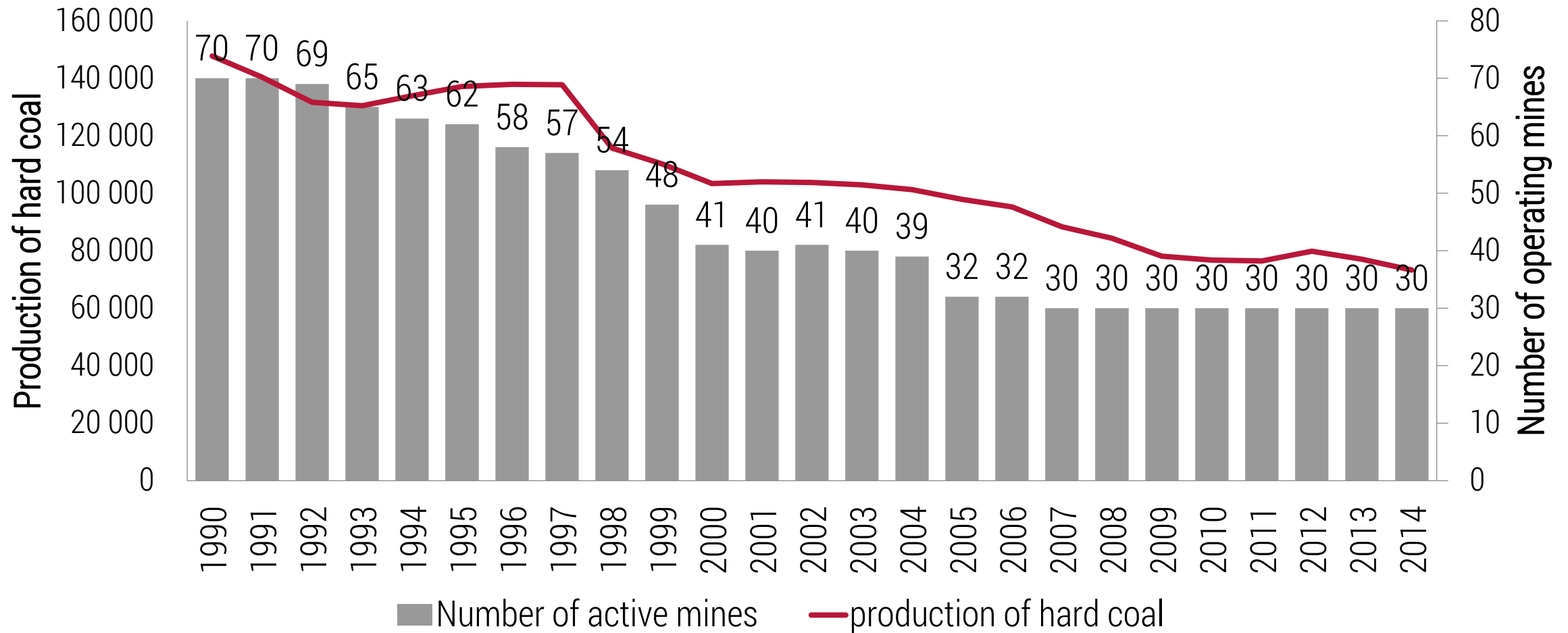
Aleksander Szpor

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Konstancja Świącicka

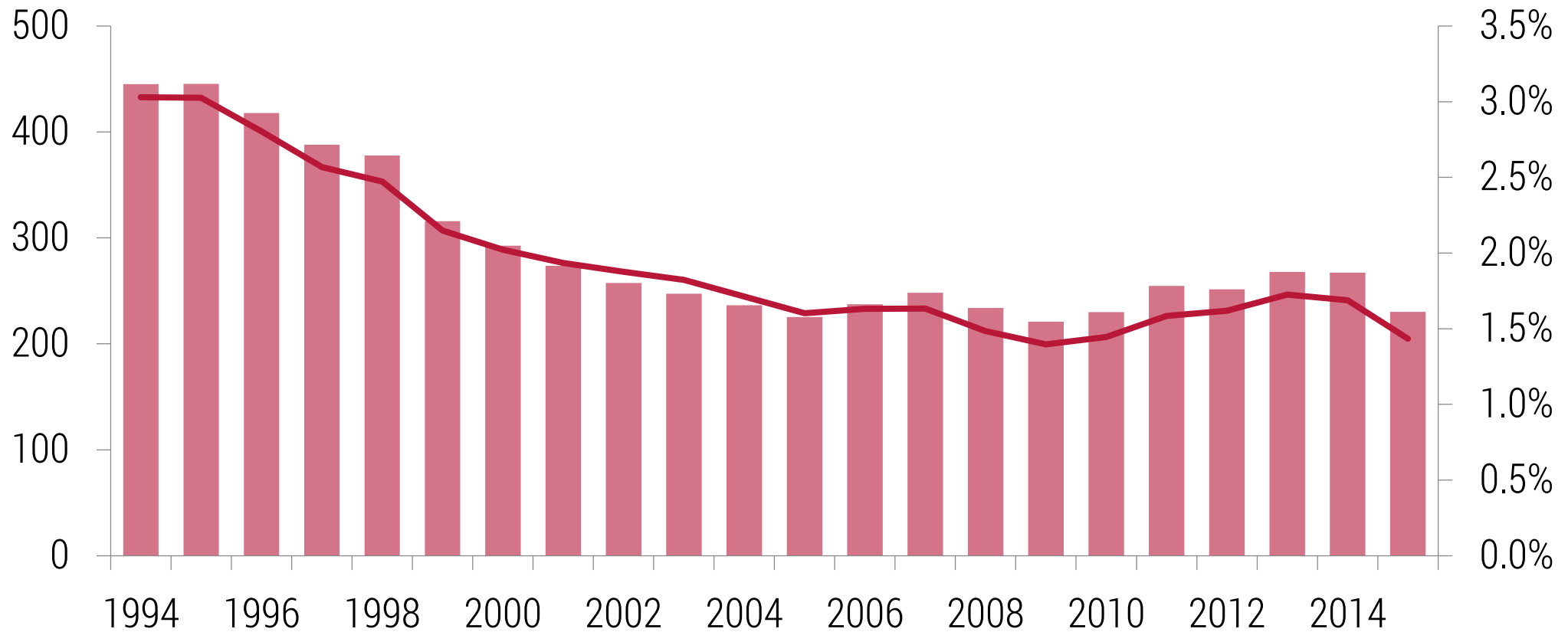


The hard coal mining sector shrank rapidly in the 1990s but not so much since then



# Employment in mining halved, but it still exceeds 200,000 workers

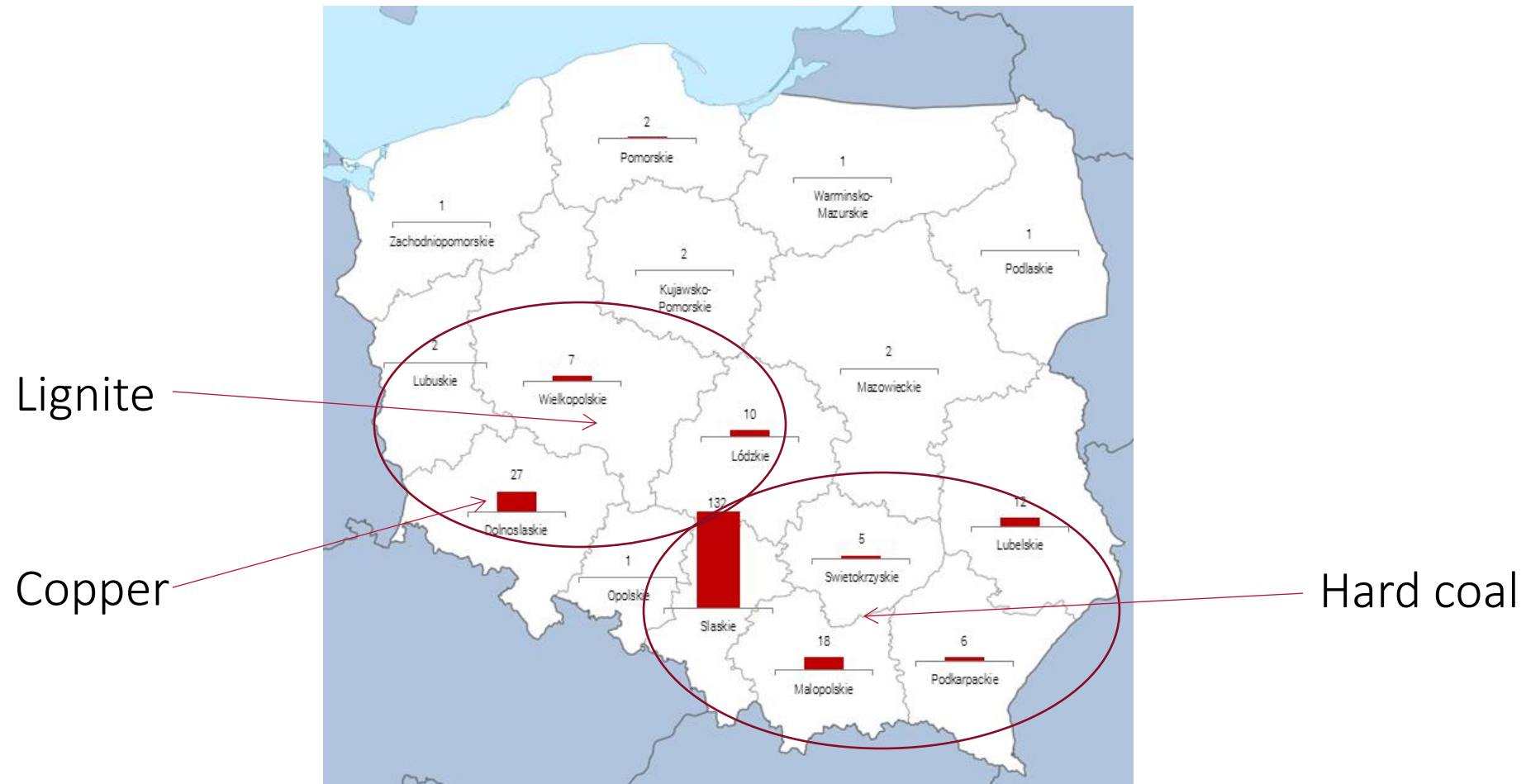
– 50% of them are miners in hard-coal sector



■ workers in mining, 1000 people — workers in mining sector, share of total employment

Mining is geographically concentrated in Southern Poland.  
The potential social cost of coal phase-out has a significant local component

employment in the mining sector across regions. 2015



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## The labour issue is central to coal transition in Poland

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- For decades, mining and miners have enjoyed high social status and political power
- Powerful trade unions:
  - over 300 unions in the sector,
  - union coverage approx. 70%, >100% in some companies
- High wages (14 salaries per year), especially for low-skilled workers, low retirement age
- Since the 1990s, passive labour market policies were the main tool of the transition
- Tripartite dialogue between government, companies and unions is prone to clientilism

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So far the policy-makers have mainly either responded to the economically driven transition or attempted to cushion shocks

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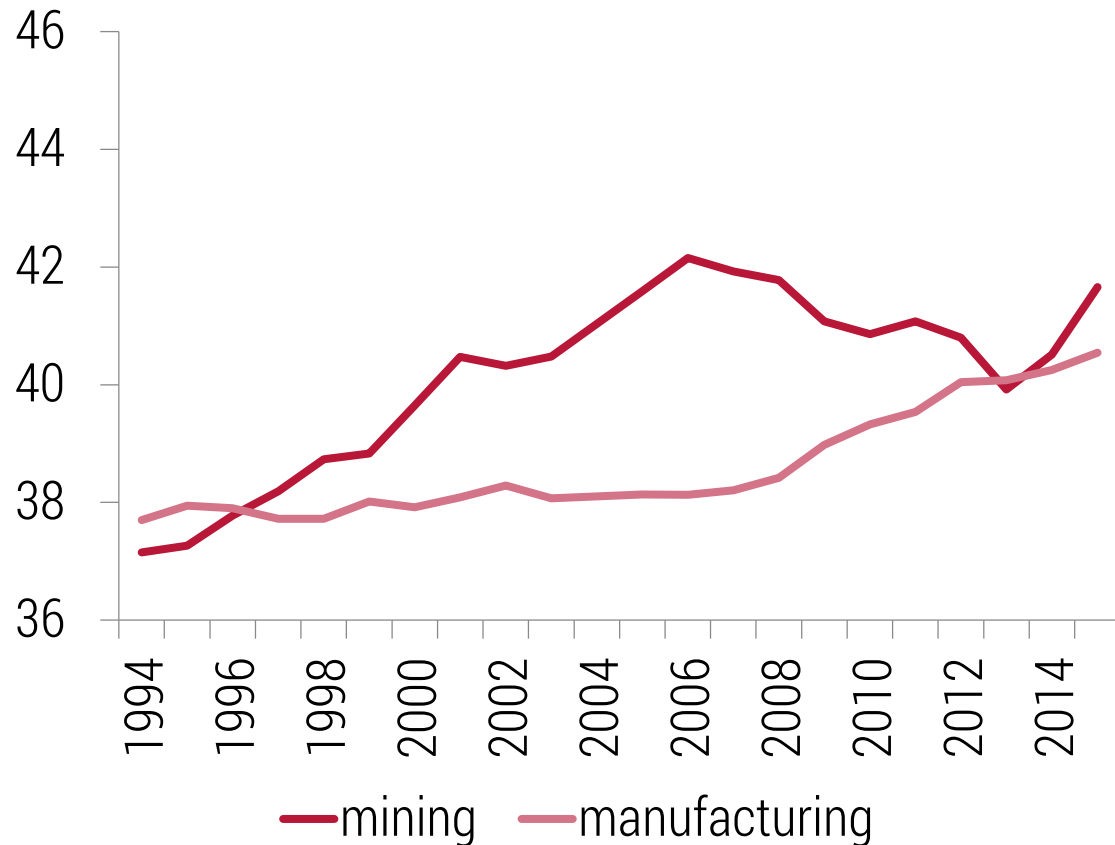


- In the 1990s the sector shrank due to transition to the free-market economy rather than because of a managed transition
- Political instability and social tensions were the main obstacles for the long-term policies
- The coalition government of 1998-2002 introduced the only substantial program so far – largely based on financial transfers to redundant and quitting miners
- A dramatic slow-down of the pace of transformation since the early 2000s

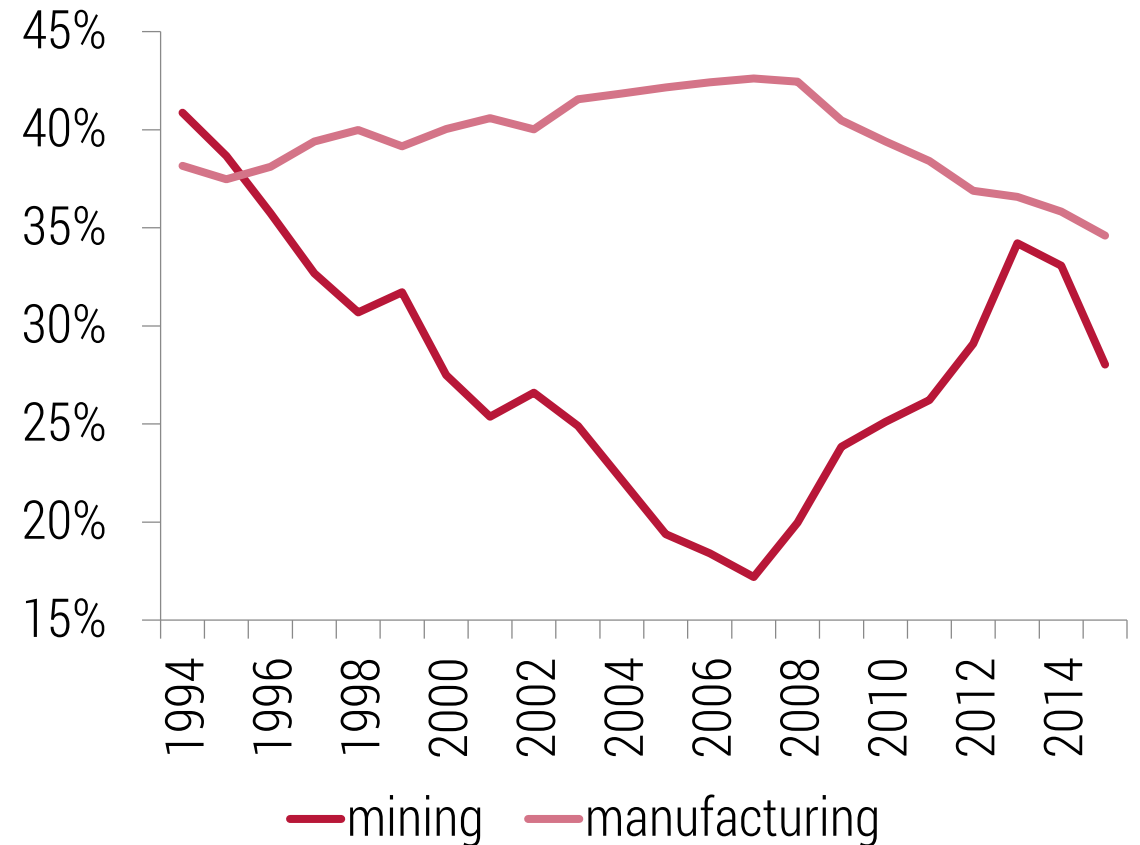
The average age of miners has been rising due to reduced hirings, but the trend was reversed in 2007



### Average age of workers

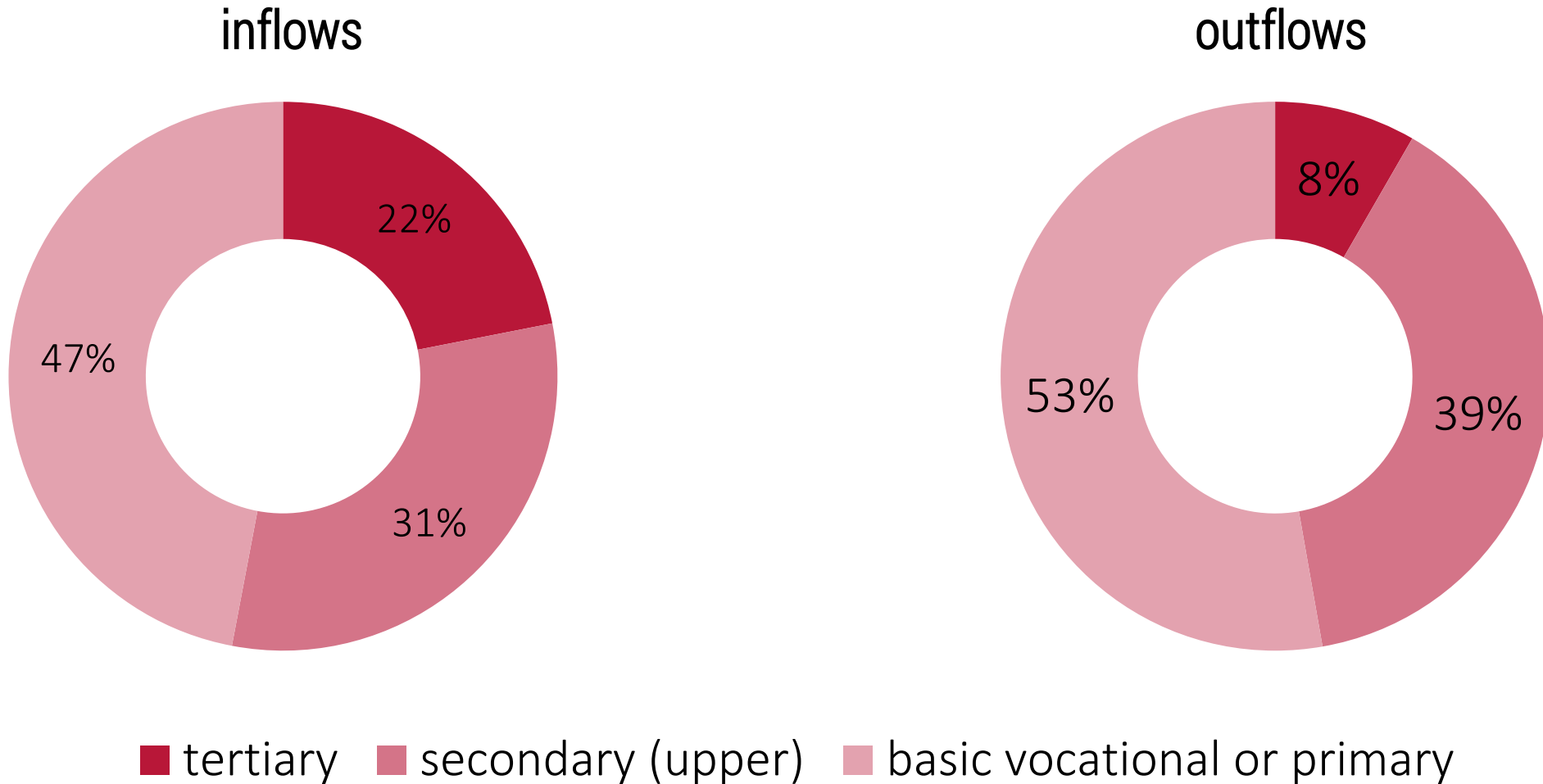


### Share of workers aged 34 or less





New entrants are better educated than leavers but still lag behind the overall education structure of the workforce



Notes: 2002-2015 average.

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## Mining workers are less likely to leave their sector than most of workers...

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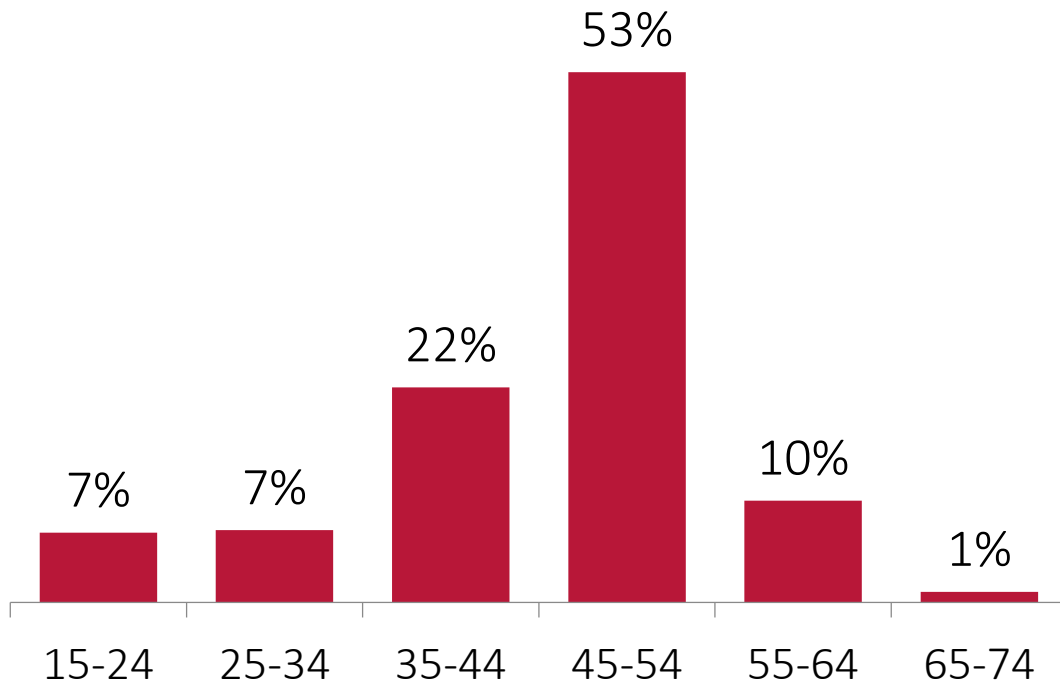
Odds ratios from a logistic regression of the probability of leaving a sector  
(values >1 – higher probability, values <1 – lower. \* denotes statistical significance)

		workers aged < 65	workers aged < 45
sector of work reference: manufacturing	agriculture	0.56***	0.61***
	<b>mining</b>	<b>0.88*</b>	<b>0.53***</b>
	water and energy supply	0.88**	0.95
	construction	1.51***	1.60***
	trade and repairs	1.19***	1.22***
	transportation and accommodation	0.93**	0.95
	information and communication	1.68***	1.82***
	financial services	1.15**	1.14*
	real estate, professional and adm. services	1.62***	1.82***
	public administration	1.01	0.94
	education	0.70***	0.64***
	health care	0.86***	0.90*

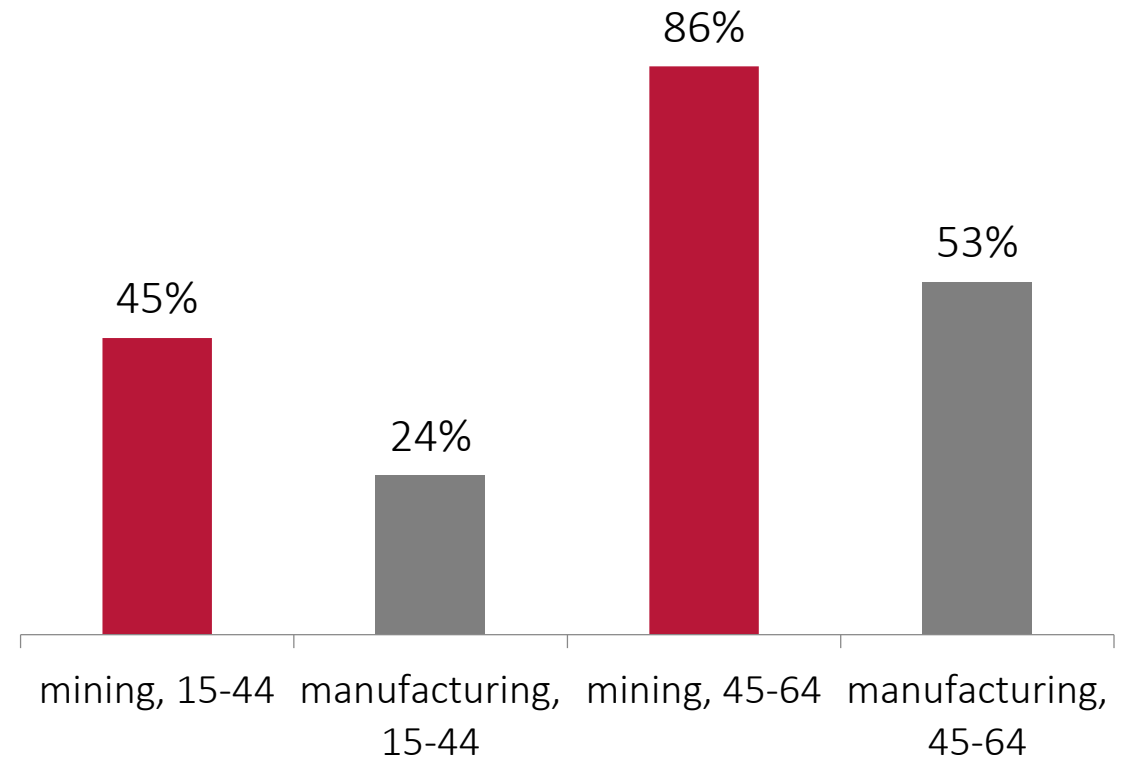
... and if they do, they leave to early retirement



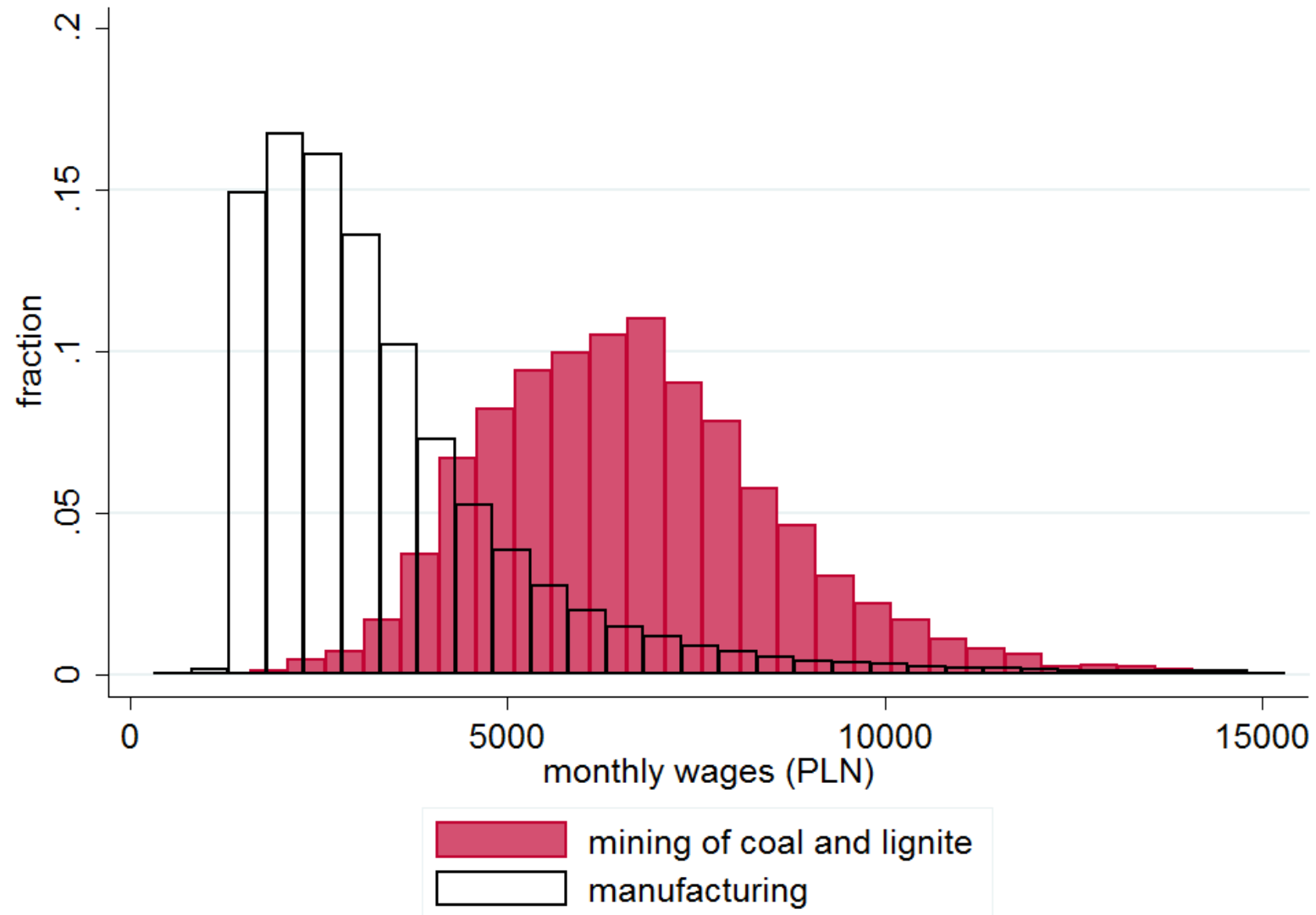
age structure of outflows from mining sector



share of flows to inactivity in all outflows from the sector

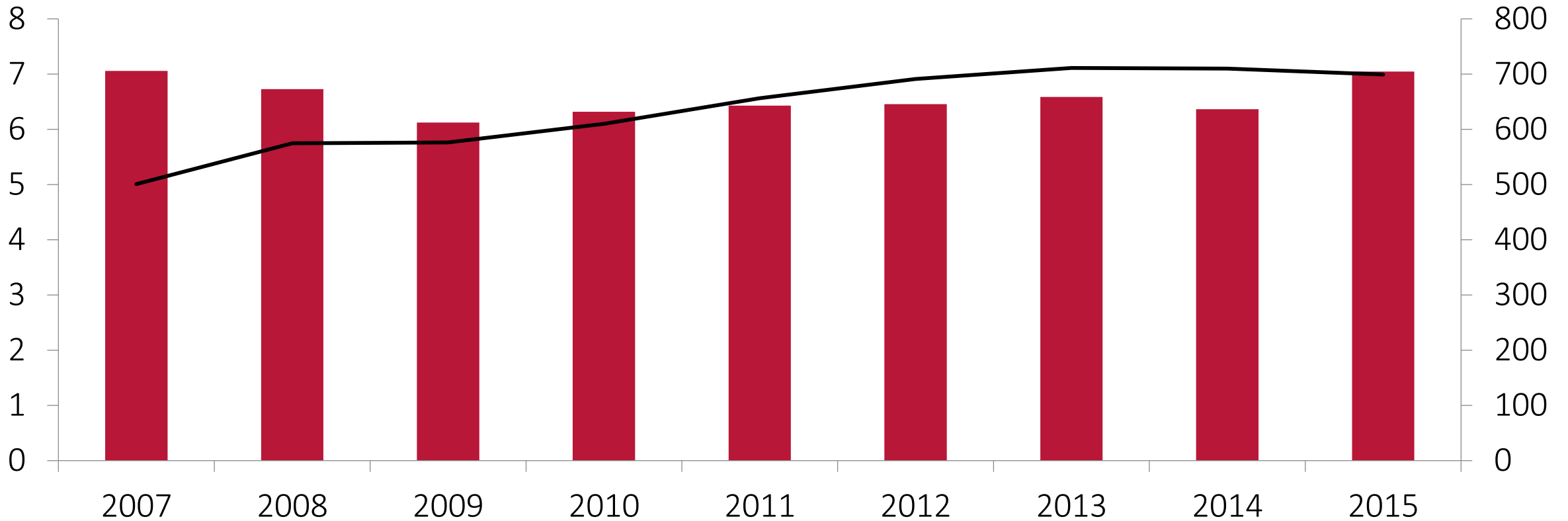


# Wages in coal mining are much above those in manufacturing



Source: Polish SES 2014.

# Wage growth is unrelated to productivity growth in the hard coal sector \*



■ Productivity - annual tonnes per worker (right axis)

— Average monthly wage in thousands of PLN (left axis)

Source: NIK

\* KW, JSW, KHW

# Risk sharing within a household is limited because miners' wives tend to participate in the labour force less often than most of women



The effect of labour force status of male partner on the labour force status of women  
(odds ratios from logistic regression. values >1 – higher probability, values <1 – lower. \* denotes statistical significance)

		Employed	Active
labour market status of a male partner (reference: male partner working in manufacturing)	agriculture	3.10***	2.76***
	<b>mining</b>	<b>0.71***</b>	<b>0.68***</b>
	water and energy supply	0.97	0.97
	construction	0.70***	0.74***
	trade and repairs	1.03*	1.03
	services (NACE: H-U)	1.02	1.02
	unemployed	0.68***	1.01
	inactive	0.59***	0.57***

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## The economic outlook of Silesia is now conducive to coal phase-out

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- Successful restructuring of manufacturing – chemical and automotive hub
- These industries find it hard to employ workers because of:
  - Population ageing
  - Educational shift towards tertiary education
- They pay less than mining but offer higher job quality (working conditions, health)
- Tertiary education boom contributes to the growth of services

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But the political agenda re the coal phase-out is not conducive

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- Coal phase-out is not an aim of the government
- Focus is on the downsizing of the hard coal mining sector to improve its efficiency
- This is surrounded by the talk on „re-industrialisation”
- Unclear if and how the regional labour market and educational policies react



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## Next steps in the project

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- Development of a policy proposal aimed at assisting the labour transition:
  - How is the local labour market policy helping? How could it help more?
  - How many and what type of workers can be absorbed by manufacturing?
  - Can we further change the aspirations of the young and adapt the vocational schooling?
  - Could the demand created by construction, in particular due to air-quality policies, create jobs for some (current or potential) miners?
  - What is the best level of regional policy making (NUTS2 vs. NUTS4)?
- Consulation seminar in Katowice (Silesia) in October

Thanks for listening

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