

Demographers hail Polish baby boom

Contributed by Euromonitor International
Monday, 18 February 2008
Last Updated Thursday, 10 July 2008

Author: Countries and Consumers - Date published: 26 Nov 2007

Birth rates in Poland have grown rapidly between 2005 and 2007 causing a phenomenon of a baby boom. This is particularly important in the context of Poland's declining population. A falling unemployment rate and better economic prospects have prompted young people to settle down. More households with children will cause a shift in spending patterns and consumer demand.

Issue

The number of births in Poland had been steadily falling since 1983 – the last year of a birth rate increase. An all-time low was reached in 2003 with just 351,100 children born. This combined with a rapidly ageing society and a shrinking labour force led many demographers to signal a potential demographic crisis, putting upward pressure on wages due to labour shortages:

The rising cost of having children as well as a strong focus on careers were identified as the main causes of delaying childbirth in young people; However, as the generation born during a strong wave of births in the late 1970s and early 1980s reach adulthood, births have been growing since 2003.

The baby boom is likely to affect consumer spending patterns, with more spending on housing, education and child-related products.

Â

Birth and death rates: 1999-2007 Source: National statistics Note: Data for 2007 is an estimate. Importance

In 2007 natural population growth in Poland has been the highest since the 1990s with 16,000 more births than deaths by September 2007:

294,000 children were born in the first three quarters of 2007. This is a considerable growth from the previous year, in which 11,000 fewer children were born in the same period; In 2006, the number of births overtook the number of deaths with 4,500 more births than deaths. 374,000 children were born in 2006 – a growth of 10,000 from 2005.

A positive economic environment is contributing to more people deciding to start families:

Thanks to strong investment and rapidly growing exports, unemployment has been steadily dropping to 11.6% in September 2007 from 15.2% a year earlier; As a result of growing wages and strong credit, Poland's real annual disposable income per capita grew on average by 2.2% per year between 2000 and 2006; 194,000 marriages were concluded between January and September 2007 – an 8.0% increase from the same period of the previous year.

However, conscious decisions to delay having children are reflected in fewer children per family and older first-time mothers:

The average age of first-time mothers grew from 23.0 in the 1990s to 25.6 in 2006.

As the decision to have children is postponed, parents are better financially prepared to cover child-related expenditures. Implications

As more young people decide to settle down, the demand for housing has grown:

Strong demand for flats and houses has benefited the construction market. In 2006, 100,500 new flats entered the market – an increase of 0.8% from 2005.

As the number of children per household is becoming smaller, parents are left with more money to spend on their child's needs:

In 2005 the average annual expenditure of couples with children was only US\$7,562 per household. This is still much lower than the expenditure of couples without children, which at US\$13,402 per household in the same year, was almost

double that amount.

Â

Households by type: 2002-2006% of householdsSource: Euromonitor International from National statistical offices

With a shortage of places in nurseries and kindergartens, many mothers are forced to stay home with their children, lowering female participation in the job market:

Poland had only 9.4% part-time workers in total employment in the first quarter of 2007, below the 18.4% average of the EU-27;Maternity leave was prolonged in October 2006 from 16 to 18 weeks with a first child, and 20 weeks after the birth of second and more children.

Growing birth rates, however, might not outweigh the loss of population of working age resulting from rapid ageing and emigration:

People aged 65+ made up 13.3% of the population in 2006, compared to 12.1% in 2000 and 10.0% in 1990.

Growing birth rates are important for the right demographic balance in Polish society, with younger generations supporting older ones. With many young people emigrating, the country is already facing shortages in labour. A smaller labour pool has caused upward pressure on wages. Between 2003 and 2007, the monthly minimum wage rose from â,-201.0 to â,-245.5. Future scenarios

Although birth rates are growing, Poland still faces demographic problems associated with an ageing society, emigration and resulting shortages in labour. The government is eager to ensure that more children are born in the near future:

A new law introduced in December 2005 guarantees every mother a one time payment of PLN1,000 for every child born;The government has also initiated a pro-family programme which will cost US\$6 billion in 2007-2014. The programme includes increases in maternity leave, extended opening hours for kindergartens and tax breaks for families with children;A new tax break to be included in the evaluations for 2007 will allow each family to subtract PLN1,145 for each child from their tax payments. 16 million taxpayers are predicted to make use of the new regulation.

More children will be born in the short and medium term, increasing spending on housing, child-related products and education. However, as Polish society ages, the country's pension system and consumer spending will also be affected.Print this page E-mail a friend For further detail about this article and other related findings, please visitÂ Euromonitor International by clicking here.

Â