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## EAST EUROPE

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### SERVICES SECTOR EXPANSION PROMISES EMPLOYMENT OPPORTUNITIES FOR GROWING POLISH LABOR FORCE

Summary: As an alternative to employment policies favoring overemployment or retrenchment, the Polish journalist S. Chelstowski suggests expansion of the underdeveloped services sector as a way of providing economically justified labor opportunities for the growing labor force in Poland.

Progress in general economic development, rising production, expansion of durable goods production, and rising incomes provide the necessary conditions for expanding the third sector with a minimum of investment resources.

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The underdeveloped services sector, according to the Polish journalist S. Chelstowski, could provide employment opportunities for the growing Polish labor force.(1) The demographic peak will continue to influence employment policies during the next five-year plan when, according to official estimates, the Polish labor force is to increase by a net of 1,800,000 workers.

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(1) S. Chelstowski, "Can the Level of Development of Services in Poland Be Considered Satisfactory?" Zagadnienia i Materialy No.18, 27 August-9 September 1969.

Providing new places of employment in industry will require large expenditures of investment resources, apparently far beyond what the Polish economy can provide by itself without significant sacrifices by the working population. As a matter of social policy the economic policy makers have decided to establish factories in particular localities, largely to employ the excess labor resources rather than for rational economic reasons. Frequently, when technological improvements have been introduced the primary reason has seldom been to save manpower. A solution which could be less demanding on very scarce investment resources, according to Chelstowski, would be to provide increasing employment opportunities in the services, or "third," sector.

With the exception of Bulgaria and Rumania, the proportion of the labor force engaged in services in Poland is significantly below that of other East European countries. In Hungary, where the per capita income is roughly of the same magnitude enjoyed in Poland, about 33 per cent of the labor force is employed in the services sector, compared to 26 per cent in Poland. The proportion employed in the third sector in Hungary is about 30 per cent higher than in Poland. When compared with the Soviet Union, the Polish third sector also suffers by comparison.

The underdeveloped level of the services sector has adverse effects which extend beyond the immediate interest of the final consumer. The lack of services has had an unfavorable effect on the development of the producer sector. With the growth in general economic development, rising production, expansion of consumer durable goods production, and rising income of the workers in Poland, the adverse effects of an inadequately developed third sector are bound to sharpen. Unfortunately, despite the many pronouncements declaring expansion of the services sector to be the official Party and government policy, services have been developing very slowly, and have yet to meet the increasing demands of both the producer economic units and the consumer. As a result, a more rapid rate in the improvement of the living standard has been frustrated.

Because of the Polish economy's inability to assimilate fully the growing labor force, Party and government officials are currently engaging in a program of enforced unemployment, by requiring economic units to reduce the number of workers they employ. In general, two alternatives have normally been followed by Polish officials in dealing with the problem of a rapidly growing labor

force -- namely, encouraging and tolerating the growth of redundant labor under a policy of overemployment, or enforcing unemployment through economic and administrative measures which force enterprises to release redundant workers. The Polish journalist proposes an alternative solution. He suggests that:

An increase in employment, dictated by social requirements, should now take place in the sphere of services. By accelerating the development of the third sector, additional advantages will be obtained in increasing productivity directly in production.

Harry Trend