

Poland

Unemployment benefit: haunted by a lack of legitimacy

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For many years, Poland held the European record for the highest level of unemployment. However, even in the darkest years, there was never any genuine political conflict over the issue of unemployment. The trade unions put up with - and some even accepted - the liberal solutions that were presented as miracle cures, while politicians generally remained silent and ministers drew up plans that were not backed up by genuine resources. Unemployment seemed to be the price to be paid for transformation, and efforts were needed to limit the devastating impact on family incomes.

The Polish benefit system is thoroughly imbued with this welfare rationale, although it remains fundamentally an insurance-based system. Nowadays activation policies are a dominant feature, but as there is invariably a mix of approaches, the provision of financial windfalls still frequently takes precedence over efforts to improve employability.

In fact, the Polish benefit system suffers from the fact that support for the jobless is not considered legitimate unless their situation is due to age or disability. It is difficult to imagine a coherent system of support for the unemployed in a society where work is so central in terms of the time devoted to it, the proportion of income it generates and its social value. Hence the politicians, unable to gain legitimacy for welfare assistance and with responsibility for managing the jobs shortage, have attempted to disguise financial assistance by introducing controls and an obligation for the unemployed to undertake training or to work – thus legitimising what is not considered legitimate.

In Poland, therefore, unemployment insurance has turned into welfare assistance, and active policies often obscure what is no more than

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financial support. The complexity of the Polish system goes substantially beyond the regulatory frameworks, only revealing itself fully in social practices and the interplay of the parties involved.

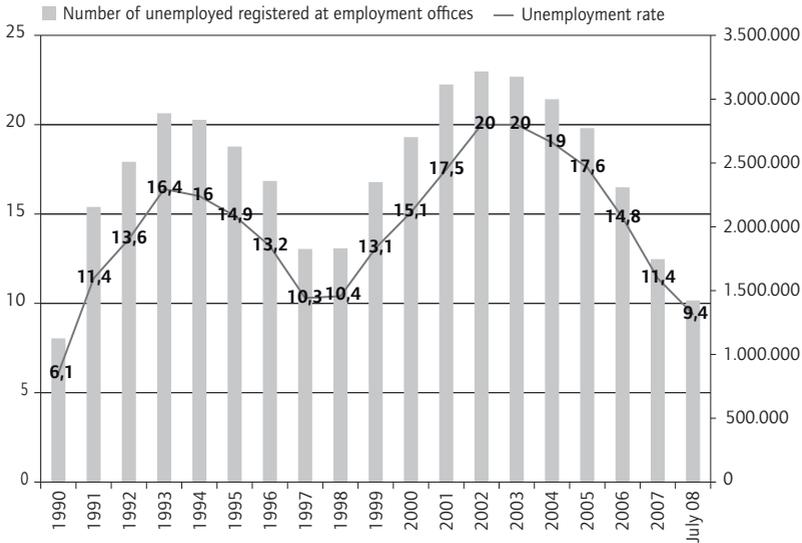
Characteristics of unemployment

In July 2008, employment offices reported an unemployment rate (i.e. the number of job-seekers at the end of the month) of 9.4% (Graph 1). The economic crisis, prompting a slowdown in economic growth in the first quarter of 2009 (equivalent to an annual rate of +1.9%), led to an increase in unemployment. This was nonetheless a limited rise, and in April 2009 unemployment stood at 11% (1,719,900 people). Poland, which for many years had the highest level of unemployment in Europe, finally gave up this position in 2007. After topping 20% during 2003, unemployment began to fall rapidly as a result of renewed economic growth, but also and above all due to the mass emigration that followed the opening of the borders of several European countries (Ireland, the UK, Sweden, etc.)¹. However, it would be wrong to consider emigration to be solely responsible for the drop in Polish unemployment. Between the second quarter of 2003 and the last quarter of 2008, 2,348,000 jobs were created against a backdrop of strong economic growth². Nevertheless, the first quarter of 2009 saw the cutting of 299,000 jobs.

The impact of this drop in unemployment, however, varied enormously for different social groups and regions. In geographical terms, the unemployment rate varied from 7.5% in Wielkopolskie to 18.4% in Warmińsko-Mazurskie. The regions most affected by unemployment today have been the hardest hit since the beginning of the economic transformation. These are principally the western and northern regions of the country, where state farms were of particular importance under the previous regime. In fact, the drop in unemployment has led to a marked increase in inequality of access to employment, thus further widening an already gaping social divide.

1. In 2002, 786,000 Polish people worked abroad. In 2005, the number had risen to 1,450,000 and in 2007 to 2,270,000 including 1,860,000 in Europe (GUS 2008a). The number of people working abroad has thus increased by 1,270,000 since 2004, a figure comparable to the fall in unemployment between 2004 and 2007 (1,253,000 - job-seekers at end of month).
2. There is also a significant statistical bias here in that many emigrants remain registered as unemployed in Poland.

Figure 1 Number of people unemployed and unemployment rate (job-seekers at end of month)



Source: Employment Office

Women are more affected by unemployment than men, a discrepancy that tended to worsen when job creation resumed from 2003 onwards. In June 2005, women accounted for 53.4% of the unemployed, 59.4% in August 2008 and 48.7% at the end of the first quarter of 2009, when it was men who bore the brunt of redundancies in the industrial sector. According to the employment survey, female unemployment stood at 7.7% in the second quarter of 2008 compared with 6.5% for men. For the first quarter of 2009, the figures are 8.9% and 7.7% respectively.

In Poland, the main problem connected with unemployment remains the large number of young people out of work. In December 2007, young people under 25 who were registered at employment offices represented 19% of all unemployed, rising to 26.3% in the last quarter of 2008³. Young people are particularly targeted by support programmes, and indeed a large number of them are not included in the unemployment

3. This figure has fallen substantially over the past few years. In the last quarter of 2004, 38.9% of those aged 15 to 24 were unemployed, compared with 17% in the second quarter of 2008 according to the findings of the employment survey.

figures due to participation in work experience or training programmes organised by employment offices.

Long-term unemployment is the other area of concern. Despite economic recovery from 2003 onwards, the average period of unemployment remains long (13.1 months in the second quarter of 2008). In July 2008, long-term unemployment (over a year) affected 42% of job-seekers. Finally, 29% of those out of work have been unemployed for over two years.

The crisis serves to promote partial unemployment

Prior to the 2008 economic crisis, there was, strictly speaking, no system of partial unemployment in Poland. Under labour law, an employer was permitted to use the so-called 'downtime' system (*czas przestoju*). However, it was not legitimate to use **downtime** where a drop in production required a work stoppage. The system of downtime relates to periods during which an employee is unable to work, either through his/her own fault (e.g. because he/she has broken a machine) or through the fault of the employer (e.g. due to a power failure or lack of raw materials). Where an employee is at fault, he/she does not receive any pay. If an employee is not responsible for the situation, he/she receives remuneration equivalent to his/her basic hourly wage or monthly salary (without any bonuses, apart from those associated with his/her position, rather than his/her work activity – Supreme Court rulings of 30/12/1986, II PZP 42/86 and 16 November 2000, I PKN 55/00) or 60% of his/her usual pay if there is no distinction between the basic wage, supplements and bonuses. The remuneration paid must not be less than 60% of the minimum wage. In addition, the employer may ask the employee to carry out other duties appropriate to his/her level of skills during the period not worked.

When there is a fall in production, the period not worked is considered merely to be **'a break in work due to difficulties encountered by the employer'** (stipulated in Article 81-1 of the Labour Code). Nevertheless, remuneration for this period must be the same as for downtime. An employer is entitled to ask an employee who is unable to work due to a lack of orders to work in a different post in accordance with Article 42 of the Labour Code. An employer may also ask employees to take their paid leave. There is no additional compensation (e.g. from the State) for the loss of pay resulting from a drop in production. However,

in many companies, periods of partial unemployment are regulated by company agreements and compensation is generally higher than set out in the Labour Code. Thus a company such as the ArcelorMittal Group, which made use of partial unemployment in 2008 and 2009, pays compensation amounting to 80% of the usual wage or salary, while Volkswagen pays 100% (with a system of annualised working hours).

The economic crisis and the difficulties facing Polish companies (particularly in the manufacturing industry) have reawakened the interest of the social partners in developing a system of partial unemployment, aiming to avoid the massive job losses that occurred during the last crisis in the early 2000s. In March 2009, the Polish employers' organisations and the three trade union confederations (Solidarnosc, OPZZ and FZZ) adopted a package of 'anti-crisis' measures, in particular the establishment of a partial unemployment system subsidised by the public purse and the annualisation of working hours, with in return a limit on the maximum length of fixed-term contracts (currently unlimited). Flexible arrangements were to be limited to companies in difficulties and for a maximum period of two years. This 'anti-crisis' plan was submitted to the government, which only accepted some of the proposals, was reticent about government funding of partial unemployment and extended the option of annualising working hours to all companies. The proposal was discussed in Parliament at the end of June and triggered lively protest from the trade union organisations, who said that the government proposal completely altered the initial agreement between the social partners. On partial unemployment, the government proposal permits its use by companies showing a 30% drop in turnover compared with 30 June 2008. Under the system of partial unemployment, companies will be entitled to coverage of a proportion of lost pay equivalent to unemployment benefit (or approximately 1/5 of the average wage) for a maximum period of one year. Total pay must not be less than the minimum wage and the period not worked must not exceed the equivalent of a part-time post. For the period of one year, companies receiving this assistance must not make anyone redundant on economic grounds. Compensation payments will be made by the Labour Fund (the agency responsible for paying unemployment benefits). The period of partial unemployment may be used for the training of employees, in particular by taking advantage of easier access to the European Social Fund. According to government simulations, around 300,000 employees are expected to benefit from this system.

Debate about the unemployment figures

In Poland, as in many other countries, there is ongoing debate about the validity of the unemployment figures. This debate is particularly encouraged by the existence of a sizeable underground economy - which in any case undermines the reliability of official statistics - but above all by a view of unemployment that largely focuses on the personal characteristics of those concerned (lack of qualifications, alcoholism, attitude to work, etc.).

Criticism of statistical methodology is thus often accompanied by classic references to the existence of voluntary unemployment and in particular to false unemployment. The latter is said to apply to people who are registered as unemployed but 'are not out of work', mainly because they are doing work that is undeclared. Such people are said to have registered as unemployed solely in order to benefit from the sickness insurance available to the unemployed.

It is an open secret that unemployed people in Poland are economically active. Indeed, how could it be otherwise when merely 15.4%⁴ of the unemployed receive benefit and welfare assistance is virtually non-existent?

At the same time, it is difficult to see welfare assistance as providing a disincentive to the unemployed, even if this argument is sometimes used in the public debate, which focuses mainly on the 'genuine' and 'false' unemployed as opposed to the 'voluntarily unemployed'. Robust criticism of official statistics from a number of leading experts should be understood in the context of public policy. Indeed, Polish labour law - already very lax, in any case - underwent thoroughgoing liberalisation in the first half of the 2000s. Experts presented this as the inevitable route to combating unemployment, based on the well-known principle that 'the more protection for jobs, the fewer new jobs created' (Góra, 2004:131). Eventually the majority of those involved in public debate were convinced of the virtues of deregulation - politicians, experts and researchers, but also a number of trade unions such as the OPZZ, which negotiated this extreme dilution of the Labour Code. Against all expectations, the liberalisation of the Labour Code did not slow down the growth in unemployment but quite the opposite, for it increased even more rapidly.

4. Source: Employment Office, July 2008.

This upward trend would only be curbed by the mass emigration that followed the accession of Poland to the EU and the resumption of strong economic growth.

The benefit system: from universal allowances to unemployment insurance

The benefit system in Poland was established in the 1990s in response to the mass unemployment that occurred during the initial years of economic transformation. The system was set up hastily and had to deal with a much larger number of unemployed people than any projections had foreseen. Managing unemployment therefore represented a major challenge for those in government, who mainly concentrated on macroeconomic policies not followed up by any substantial social programmes (Spieser, 2007).

From the start, the benefit system was characterised by the availability of a multiplicity of allowances (unemployment benefit, early retirement allowance, disability benefit, etc.) combined with highly flexible eligibility criteria. According to Pieter Vanhuysse (2003), this political strategy – which consisted of ‘dividing’ the mass of people out of work into separate groups (the unemployed, pensioners, the disabled, etc.) and of ‘pacifying’ each group with a minimum level of financial resources – allowed the authorities to buy relative industrial peace during the initial years of economic transformation. However, given the extent of unemployment and the deepening public deficit, the eligibility criteria were subsequently to become more stringent.

In 1989, unemployment benefit was granted within seven days of registration for an indefinite period to all those registered as unemployed at an employment office, if the employment office had not found them a job. This system was based neither on the concept of unemployment insurance (no period of employment was required) nor that of welfare assistance⁵. Young graduates, including those in search of their first job, received benefit equivalent to 200% of the minimum wage.

5. Benefit was calculated on the basis of the last wage or salary – initially 70% of it, with the minimum level of benefit equivalent to the minimum wage and maximum benefit equivalent to the national average wage – and was reduced from the third month onwards depending on the length of unemployment.

From 1991 and the vote on the law on employment and unemployment, major restrictions were introduced. The first measure consisted of generally limiting the maximum period for the receipt of benefit to 12 months, with a possible extension to 18 months in regions severely affected by unemployment or on the basis of criteria relative to a person's individual circumstances. Benefits were reduced (a minimum of 33% of the minimum wage and a maximum equivalent to the minimum wage). In 1992, unemployment benefit was standardised at a flat rate. Subsequent changes were to shore up the insurance concept by restricting entitlement to unemployment benefit to those who had paid contributions over a sufficiently long period and at a minimum level. From then on, entitlement to unemployment benefit required an increasingly lengthy contribution period. The benefit period was reduced several times, and today stands at six months with a possible extension in regions affected by high unemployment. As a consequence, the number of people entitled to this benefit has been considerably reduced, from 79.2% of the registered unemployed in 1990, to 30.5% in 1997 and 15.4% in August 2008.

The eligibility criteria (see Box) are fairly restrictive and extremely unfavourable to part-time employees and those with alternating periods of work and unemployment, especially people employed on short fixed-term contracts. Only 18% of the unemployed who registered in July 2008 were eligible for unemployment benefit.

Access to unemployment benefit

The conditions for entitlement for unemployment benefit are set out in the law on the promotion of employment and labour market institutions adopted on 20 April 2004 (and amended several times).

Eligibility criteria

- to have worked for a minimum of 365 days during the last 18 months under a contract of employment or any other contract, with pay at least equivalent to the minimum wage (which in effect excludes former part-time workers in the lowest-paid jobs);

- to have been made redundant (resignation does not confer entitlement to the immediate payment of benefit, but only after 90 days of unemployment or 180 days where an employee has deserted his/her post;
- to have paid all social security contributions on the basis of pay that is at least equivalent to the minimum wage;
- to be registered at an employment office and to be available to take up full-time employment.

Benefit period

- 6 months: if the unemployment rate in the area covered by the local employment office did not exceed 125% of the average unemployment rate in Poland in the June prior to registration;
- 12 months: if the unemployment rate in the area covered by the local employment office exceeded 125% of the average unemployment rate in Poland in the June prior to registration or if the unemployed person is over 50 years of age and has worked for a minimum of 20 years;
- 18 months: if the unemployment rate in the area covered by the local employment office exceeded 200% of the average unemployment rate in Poland in the June prior to registration and if the unemployed person has worked for a minimum of 20 years; or in the case of an unemployed couple with at least one child aged under 15, where one of the couple has already lost their entitlement to unemployment benefit after its expiry.

Level of unemployment benefit

Benefit is paid (in theory) from the 7th day of unemployment onwards; in practice it is paid after approximately one month. The level of benefit is not linked to the reference wage and varies in accordance with the length of time worked: unemployed people who have worked for less than 5 years receive 80% of the basic amount, those who have worked for between 5 and 20 years receive the basic amount, and those who have worked for over 20 years receive 120% of the basic amount. The basic level of benefit on 1 September 2008 was PLN 551.80 (€ 162) or 48% of the gross minimum wage and 18.7% of the average wage. The replacement rate shows a marked decline. In 2004, the standard rate of unemployment benefit was equivalent to 61.1% of the gross minimum wage and 22.6% of the gross average wage.

The benefit system is managed by the Labour Fund, which in 2008 had a budget of approximately 2.35 billion euros and is largely financed by social security contributions (94.8% of the budget in 2008) and the European Social Fund (3.8%). Although the lion's share comes from social security contributions, the Labour Fund is a state fund under the direct control of the Minister of Labour. The social partners have no part whatsoever in its management. In general, the social partners do not play a major role in the unemployment debate, although the employers' organisations constantly object to the way in which unemployment benefit competes with the minimum wage. Consequently they are calling for the level of benefit to be reduced. Nonetheless, in May 2008, the social partners as a whole opposed the Polish government's attempt to use unemployment insurance surpluses to finance health service reforms by means of an amendment to the 2004 law that aimed to extend the remit of the Labour Fund to public health.

Unemployed people who are not entitled to unemployment benefit can contact the public social welfare organisations. They are likely to receive a temporary allowance if their income does not exceed a nationally defined threshold⁶. In October 2008 this threshold was € 140 (PLN 477) for a person living alone and € 100 (PLN 351) for a person living in a family. In 2006, the average amount of temporary benefit was approximately € 40 (PLN 164) per month and the average benefit period was six months (*Ministerstwo Pracy i Polityki Społecznej* and *Departament Analiz Ekonomicznych i Prognoz*, 2007). The social welfare system can provide other kinds of benefit, but these are only of marginal importance. The granting of assistance is also contingent upon the beneficiary 'co-operating' with social workers. Refusing a job (even an unsuitable one) or refusing to take part in an activation programme can often lead to payments being suspended.

6. Under the law, social workers have substantial discretionary powers. If they consider that the individual or family in question possesses sufficient additional resources, it is possible that the temporary allowance will not be granted.

Lack of legitimacy for the unemployed and social control: the burden of suspicion

In public debate, unemployment benefit is not viewed as an entitlement obtained by contributing to an insurance scheme. At a symbolic level, the payment of a flat-rate amount owes more to the concept of social welfare than insurance. Unemployment benefit is linked with the situation of being unemployed but with no reference to an individual's past working life, apart from a very general reference to their total years of service.

The social stigma of unemployment is strengthened by the uncoupling of the reference wage and the level of unemployment benefit. According to Polish sociologist Mirosława Marody, such uncoupling is common to other types of benefits including retirement pensions (Marody, 2002). She says that the social image of pensioners is the same as that of the unemployed: they are seen as having transformed their 'social handicaps' (such as age, lack of work, etc.) into resources that enable them to meet the eligibility conditions for various types of benefit. The implicit normative vision is of a society in which the only legitimate way of earning a living is through work.

In this situation, there is strong criticism of unemployment benefit and an almost complete lack of legitimacy for unemployed status: in the collective unconscious and according to politicians and experts, an unemployed person does not receive an income justified by the payment of contributions (2.4% of their net salary paid by the employer), but is purely and simply taking money from other workers.

The lack of legitimacy surrounding unemployment benefit provides a pretext for over-meticulous control and monitoring of the unemployed themselves. They must prove that they are actively seeking work, and if they refuse 'suitable work' (Box 2) or refuse without good reason to take part in an activation programme (work experience, training, socially useful work, etc.), they are struck off the unemployment register for a period of 90 days. Besides losing unemployment benefit for this period, an unemployed person also loses the social security entitlement (health insurance) that is associated with unemployed status and is no doubt the main reason why people register with the employment offices.

Suitable work

Suitable work is defined in accordance with the following criteria:

- paid employment or work on which social security contributions are paid and for which an unemployed person has sufficient professional experience or qualifications or which he/she could carry out subsequent to training;
- which a person's state of health allows him/her to carry out;
- which requires a total of not more than 3 hours' return journey time and is accessible by public transport.

The statutory definition of suitable work gives officials in local employment offices a great deal of latitude in its interpretation.

While the social treatment of the unemployed remains very poorly developed, the opposite is true of their treatment for administrative and statistical purposes. In July 2008, only 33.7% of the unemployed people who were taken off employment office registers were removed after they had found a job (6.6% subsidised jobs and 2.2% seasonal employment). For 34.5% of those removed this was for administrative reasons, largely because they had refused job offers from the employment office. In 2007, almost one million of the unemployed (949,210) were thus removed from the registers on administrative grounds.

A turning point: accession to the EU and impact of the European funds

The idea of combining passive and active policies to manage unemployment has been in currency since the first employment laws (1989 and 1991). At the very start of the transformation period, a sizeable number of unemployed people benefited from these active policies in the form of training or start-up support for new companies. Nearly 60% of the unemployed benefited in 1992 (Spieser, 2007).

However, as mass unemployment took hold and the public finances declined, active policies soon became thinly spread, reaching less than 20% of the unemployed between 1993 and 1996. Until 2002, active policy

measures were to remain essentially limited to subsidies for socially useful work, besides the special programme for young graduates set up in 1995 following the abolition of the general benefit scheme for young graduates without a job. The real turning point came in 2002 with the introduction of the 'First Job' programme, which aimed to enhance labour market participation of people aged 15-25. The 2004 law on employment promotion and later the structural programme on human resources formed a basis for the ESF and established specific schemes for numerous groups such as the over-50s, women and the disabled.

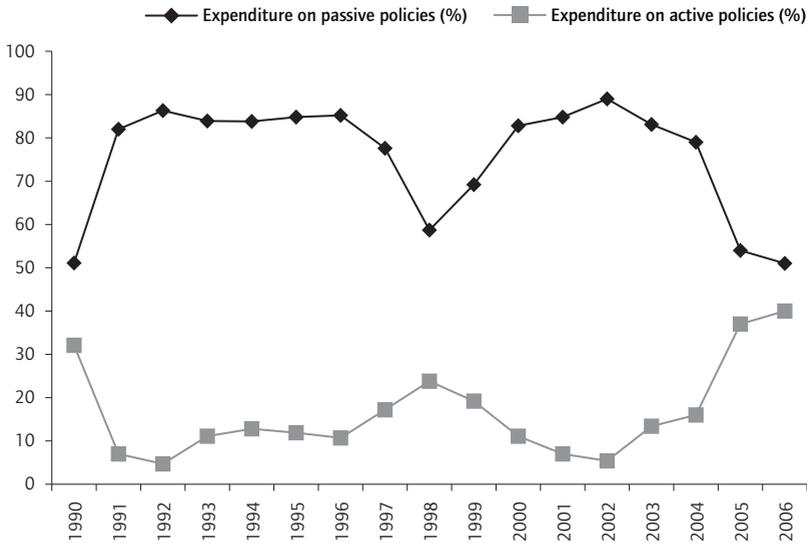
The dominant slogan of the time was 'activating the inactive'. This approach underpinned policies during the 2004-2008 period⁷, seeking a shift from welfare to workfare. This new direction was in line with the development of social policies in Europe and at the heart of the European Employment Strategy.

Recommendations to increase labour force participation among the unemployed and pensioners by reducing social security benefits are common to all international organisations – the OECD (2004:1), the International Monetary Fund (International Monetary Fund, 2004:19), the World Bank (World Bank, 2004:41) and of course the European Commission (Commission of the European Communities, 2004:16). Indeed, these organisations wield considerable influence in the political debate, due particularly to the fact that independent debate among local experts is of extremely poor calibre.

For a long period, expenditure on activation programmes remained insignificant, representing less than 20% of total expenditure of the Labour Fund between 1991 and 2004 (with the exception of 1998). From 2005, the structure of expenditure changed radically as a result of new financial resources from the European funds, but also due to falling expenditure on unemployment benefit in a context of economic recovery, growth and mass emigration. In 2008, the Labour Fund budget allocated 35% of its revenue to the benefit system and 52.6% to so-called active policies.

7. As evidenced in this extract from the Action Plan for Social Integration: 'Hitherto, social policy on people suffering from exclusion has been inadequate and has resulted in greater passivity on the part of the beneficiaries. There has been a lack [...] of targeted financial support for very specific situations. As a consequence, this amounted only to low-level support to satisfy educational and vocational activation needs, but did not allow people to overcome poverty or exclusion.' (*Ministerstwo Polityki Społecznej*, 2004: 11).

Figure 2 Labour Fund expenditure



Source: Sprawozdanie o dochodach i wydatkach FP (MPiPS-02) za lata 1990-2002, Sprawozdanie z wykonania FP za 2003 rok, MGiP 2004 (Szytko-Skoczny, 2004, p. 117).

For the employment offices, which are subject to benchmarking of the number of people trained, programmes established, job placements for the unemployed and a whole range of quantitative criteria, activation policies soon also became a means to improve the unemployment figures. Indeed, those taking part in activation programmes are no longer included in the unemployment registers. However, it would be mistaken to view such policies purely as a means of statistically managing the unemployment figures. In 2006, 444,760 unemployed people were removed from the registers due to participation in an activation programme, representing merely 14% of all those removed from the register in this period. Nevertheless, the impact of such measures in terms of increasing employability also seems to be very limited. In 2006, 434,096 of the unemployed were re-registered after taking part in a support programme.

Table 1 Active policies for the management of unemployment figures

	July 2008	
	in 1000s	%
Unemployed people removed from registers	245.3	100.0
Reasons:		
Found a job	82.6	33.7
of which:		
Non-subsidised	66.3	27.0
Subsidised	16.3	6.6
of which:		
Intervention jobs	3.5	1.4
Public works jobs	3.4	1.4
Support for company start-up	5.5	2.2
Subsidised private-sector employment	3.4	1.4
Other	0.3	0.1
Training	15.0	6.1
Work experience	17.8	7.3
Apprenticeship/On-the-job training	7.1	2.9
Socially useful work	4.6	1.9
Did not provide proof of availability for work	84.6	34.5
Left voluntarily	15.2	6.2
Attained retirement age	0.5	0.2
Became entitled to retirement pension or disability benefit	1.8	0.7
Became entitled to early retirement allowance	1.1	0.4
Others	15.0	6.1

Source: Employment Office

In fact, it appears that the considerable momentum behind active policies is due to the fact that those embarking on activation programmes are entitled to payment of a replacement income for a longer period and, most importantly, to a higher amount. Thus passive and active policies are closely interwoven, and indeed a large proportion of active measures aim solely to provide an income for people who have no other entitlements. This is especially true of public works jobs and intervention jobs, which are often jobs in local authority departments that offer relatively little in terms of labour market integration, since they generally lack any real prospects.

Table 2 The role of social security assistance in active measures

Active policy type	Impact on unemployed status	Impact on the income of unemployed person	Impact on the unemployment benefit period
Training	The beneficiary remains officially unemployed, but is not included in the unemployment figures.	The beneficiary can claim unemployment benefit (if he/she fulfils the formal conditions) and the training supplement at the same time. The standard supplement (<i>dodatek szkoleniowy</i>) is 20% of unemployment benefit, and the supplement for those under 25 (<i>stypendium</i>) is 40% of unemployment benefit.	No impact
Work experience	The beneficiary remains officially unemployed, but is not included in the unemployment figures.	The beneficiary of work experience cannot claim unemployment benefit. He/she receives a work experience allowance (<i>stypendium</i>) equivalent to 140% of monthly unemployment benefit.	Payment of unemployment benefit is suspended during work experience. It may be resumed on completion, but the benefit period is reduced by a period equivalent to the duration of the work experience.
On-the-job vocational training (<i>przygotowanie zawodowe</i>)	The beneficiary remains officially unemployed, but is not included in the unemployment figures.	The beneficiary cannot claim unemployment benefit. He/she receives a vocational training allowance equivalent to 140% of monthly unemployment benefit.	Payment of unemployment benefit is suspended during training. It may be resumed on completion, but the benefit period is reduced by a period equivalent to the duration of the training.
Public works jobs (<i>roboty publiczne</i>) and intervention jobs (<i>prace interwencyjne</i>)	The beneficiary loses unemployed status because he/she has a contract of employment.	The beneficiary receives a wage or salary.	The duration of a public works job is considered as a period of employment and is not counted as a period giving entitlement to unemployment benefit. If, during the year following a public works job, the beneficiary again becomes unemployed, he/she can claim benefit that is at least equal to the amount of benefit entitlement remaining at the time he/she accepted the public works job, minus the period worked.

The promotion of active policies and the law of 2004 brought sweeping changes to the sphere of unemployment management in Poland by encouraging the establishment of private employment agencies. In October 2008, 3,712 private agencies were thus registered in the national register of employment agencies, of which 2,517 acted as intermediaries on the national labour market and 2,269 abroad (and many both at once). Others focused on personal development counselling (1,749) or career coaching (1,029). It is interesting that temping agencies (2,108) are also officially counted as employment agencies. In fact, since 2004, intermediary services on the Polish labour market along with advice and support for the unemployed have been largely privatised, with the public employment offices retaining merely a small number of responsibilities such as the management of benefit funds, the provision of start-up funding and recruitment subsidies, and the management of so-called public works and intervention jobs. While private employment agencies only rarely receive subsidies from the public purse, they have, in contrast, benefited substantially from ESF funding. The social partners, and particularly the Solidarnosc trade union, have attempted to gain a footing on the private agency market, but so far without any real success. With the drop in unemployment, a considerable proportion of these private agencies has disappeared.

Criticism of early retirement allowances and disability benefit

As well as being the target of strong criticism, disability benefits and early retirement allowances have long been significant tools for managing unemployment in both social and statistical terms. They have been used on a massive scale by the public authorities to curb the growth of unemployment, particularly in the restructuring of collectivised agriculture and large enterprises. Large numbers of employees with apparently very low employability (possessing few qualifications and with complex family circumstances, for instance) were thus offered an alternative to unemployment benefit in the form of an early retirement pension or disability allowance. At the same time, many companies used early retirement in particular to bring in new blood and/or to facilitate smooth restructuring of the workforce. A study carried out in 2005 demonstrated that 73% of Polish companies offered their employees early retirement plans, one of the highest rates after the Czech Republic and Finland (Riedmann *et al.*, 2006: 45).

Early retirement pensions and disability benefit have a clear advantage over unemployment benefit in that they pay more – at least 120% of unemployment benefit – and are virtually permanent, while unemployment benefit is usually paid for 6 months only. An amendment to the law in 2004 rendered the eligibility conditions for early retirement more stringent, and since then the number of new entrants to the system has shown a downwards trend. The same is true for disability benefit, which became more difficult to access from 1999. However, despite these constraints, in 2007 pensioners still made up 36.9 % and the disabled 20.9 % of the non-working population aged over 15. Of inactive men aged between 55 and 65 years (the retirement age), 36 % were retired and 40.5 % unfit for work (GUS, 2008d). In 2006, those in early retirement represented 2.46% of the entire working population compared with 2.92% in 2005 (OECD, 2008).

Besides having a very high number of people in early retirement, Poland is also characterised by a particularly large population of disabled people. In the last quarter of 2007, the country had 3,814,000 people who were unfit for work among the population of working age. Only 16% of these disabled people are active in the labour force and 13.8% are employed. These figures are in constant decline, despite numerous attempts at labour market activation of the disabled.

Whilst early retirement has mainly been used to facilitate economic restructuring, particularly at the start of the transformation period, disability benefit has since become a major tool for the social (and statistical) management of unemployment. Moreover, maps showing the distribution of unemployment rates and disability rates are very similar. Disability rates are thus highest in the regions where the large state farms were located before 1989. Following the closure of these farms, thousands of people became unemployed with very slim chances of finding work. Many of them, finding it difficult to enter the labour market, thus benefited from disabled status and the allowance that accompanied it.

In September 2008, the Polish government set out a plan to limit access to early retirement by stipulating the strenuous nature of work as a condition of entitlement. This plan, fiercely criticised by the trade union organisations, aimed to reduce the number of people eligible for early retirement to 250,000. It was accompanied by the adoption of a new plan to promote employment among the over-50s. This provided for reductions in social security costs and for training programmes, with the

objective of increasing the proportion of Polish young seniors in work by 50% by 2030. This reform involved considerable strong-arm tactics by the liberal government of Poland. It marked a turning point that revealed a broader challenge to the right to unemployment benefit in favour of remuneration for work whatever its nature, but work at any cost - and this in a country that had succeeded in resisting compulsory work for all citizens under communism...

Conclusion

Similar to most aspects of social policy and labour law in Poland, the current unemployment benefit system is a product of the hasty action taken at the beginning of the transformation period. It also bears the stamp of the ultra-liberal trend of the 1990s and of the adjustment programmes inspired by international recommendations - the Washington Consensus, the Lisbon Strategy, doctrines of the European Commission and the decisive intervention of the European Social Fund, the instrument fundamental to the success of such doctrines.

The result is essentially a hybrid system, the broad lines of which are difficult to discern. For behind the grandiose statements giving top priority to active labour market measures lies a system that is unambitious in the extreme. Its principal features consist of continual disengagement by the State and a lack of interest among the political class, trends that for the moment are masked by falling unemployment and support from the European funds.

Indeed, the principal change that is apparent is the fall in unemployment: without this, the apparent transformation of unemployment management policies would doubtless be much less substantial. What is certain is that structural developments are as significant as any changes in political strategy.

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