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From “Solidarity” to precarious work. Transformation of the Labour Market in Poland 1989–2014

The article describes the changes in the Polish labour market within the last 25 years. The year 1989 closed the post-war period of the communist centrally-regulated labour market, which had been based on permanent obligatory employment for the leading working class. Neoliberalism and globalisation have created a flexible labour market in all Europe including Poland, resulting in developing a negative phenomenon of precarious work.

Key words: precarious work, labour market, precarious employment, employment in Poland, precariat

Introduction

Between 1980 and 1989 the “Solidarity” fought for decent working conditions in Poland. There is a historical paradox here: the workers who organised strikes against the communist regime and created the Solidarity Movement have, in the 25-year period of Poland’s independence, lost the privileged socio-economic position they had before the strikes. The most visible example are shipyard workers who, in the first period of economic transition, constituted the largest unemployed group in Gdansk. The shipyard of Gdansk had 16 thousand workers in 1988, but by 2004 – only 2.4 thousand.

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Social and economic inequalities in Poland

The liberalised economic market, which was formed at the beginning of the nineties, proved to be unfriendly to many labour groups and created inequalities that have been increasing over the years (Sznajderski 2002: 31–38). Since the 1980s, we have observed, from the fuel crisis onwards, the slowdown in economic growth, lowering taxes (and even eliminating the tax rates for the rich), deregulating the market and making the labour market more flexible, which triggered rapid stratification of economic positions. The income gaps between the richest, the medium rich and the poorest are increasing. The reason is that, in capitalism, the return on equity is constantly higher than the growth rate of income and production. Thus capital (land, real property, assets) is growing faster than the total of production and income from work. An economic entity with a lot of capital will not be outdone in development by a producing and working entity. In other words, the rich will be getting richer than those who have less capital or who produce and work. It means that inequalities are growing.

Thus, in Poland, a new global class division has developed, similar to the one already existing in other parts of Europe. At the top, there is a small group of so-called “Croesus” – wealthy proprietors. In the middle, there is a salariat group, the former middle class, employed on the basis of employment agreements and covered by the Labour Code. In the lower position there is a precariat group, who have neither employment agreements nor high income. The rules of economic globalisation have proved to be true: the rich are becoming richer and the poor are getting poorer.

The conditions of precariat

According to Guy Standing, the precariat is a consequence of neoliberalism and globalisation. Moreover, the impact of globalisation on the Polish labour market has been growing, especially since the accession to the European Union. These adverse social and economic conditions have led to the widespread phenomenon of “precarious work” (Standing 2011: chapter 1).

The conditions which create precarious work are as follows:

1. Uncertainty of employment continuation (job insecurity, limited contracts, agency work).

There is a significant number of employment contracts that provide no job security. The report of the European Working Conditions Observatory described how, all over Europe, despite some rare exceptions, working conditions had worsened during the crisis (EWCO 2012: 36). Thus it seems clear that “Labour instability is central to global capitalism” (Standing 2014: 21). If one looks at such indicators

like job insecurity, involuntary temporary work or involuntary part-time work, it is obvious that fewer jobs rely on so-called "standard" or "typical" employment relationships. More jobs than before are covered by agency contracts, and there is growing job insecurity in most European countries.

2. Non-decent working conditions.

Jobs which are defined by maximum effort and minimum time offer neither real working relationships with colleagues nor the reflection on good practice while performing the tasks requested from the workers (Dommen 2003: 79–85).

3. Wages below subsistence level.

Compared to other European countries, the low wage sector in Poland is higher than the average percentage of low paid workers in the European Union, which is about 16%.

4. Long working time (uncontrolled and irregular hours, unpaid overtime, less free time).

People are asked to come and work for long and irregular hours or to stay longer at work with unpaid overtime. As they may not negotiate, they enjoy less free time and social life (Standing 2011: chapter 5). Shift work, as well as work at night or on Sundays, is growing for economic reasons. For example, TESCO supermarkets must remain open day and night.

5. Absence of trade unions and employee associations.

The types of enterprises offering unprotected jobs do not allow regular links between employees or the ability to associate in order to defend their rights and negotiate their conditions. Contracts in such economic sectors are not defined by agreements negotiated between employers and trade unions, and rely only on minimal legal standards, which are not always fully applied.

6. Work without any social security (covering housing, transport, health insurance, pension, unemployment pay and other social needs).

The quality of a workplace is connected with adequate access, convenient means of transport, adequate housing, provision of health insurance, an old age pension, or other insurances like unemployment benefits, and with covering other social needs. If a workplace does not meet the above requirements, it may be defined as bad and precarious (Sznajderski 2002: 34).

7. Lack of vocational training.

No progress in jobs is possible. Even after many years, the same job is still to be done with the same methods and space – or even less. Teaching better practical skills is not one of the duties of the employer.

8. No protection against dismissal.

Unwritten contracts or contracts for short-term jobs can be easily broken. The promise of longer employment is not included in the contract itself and legal rules preventing unjustified, abrupt dismissal do not apply.

9. Unclear status (workfare, training, internship, forced self-employment, absence of legal admission, absence of national documents).

The grey labour market is growing, where it is normal to have no written contract and no clear status. Work is done, jobs are paid – but on very different bases: some may be working on workfare, some in training or internship settings, some can even be apparently self-employed – but in reality, fully dependent on the mandating owner as a hidden employer.

Employed people in such positions include nationals as well as migrant workers (Standing 2011: chapter 4). For the latter, more status problems may arise from lacking legal admission papers or even lacking national documents.

10. Insufficient health and safety protection.

Inspection of working conditions by legal authorities is not frequent enough to demonstrate their unhealthy or unsafe character or to improve the requirements imposed by employers on their employees.

A typical employment

A full-time job, a living wage, the safety net of a social insurance system, care for health and safety in the workplace, and a guarantee of long-term prospects in a job – all these are becoming rare for more and more employees. The former standard working contract, which was perceived as “normal”, is becoming today “un-normal” and unusual for most new jobs. Atypical employment, in the sense of part-time work, or temporary jobs, or contracts with no defined working time, is growing (Standing 2014: chapter 3).

Work is regulated in Europe, but due to globalisation, the deregulated informal sector is taking over and a grey labour market is developing (Addy 2003: 23). All these types of atypical work are related insofar they depart from the former „normal” employment relationship (full-time continuous work with one employer), but they are not to be considered precarious in all cases, since good legislation can secure acceptable forms of these contracts.

To declare a job as precarious, it is not sufficient for there to be only one of the ten indicators of an “atypical” working relationship; rather, it is the accumulation of more “un-normal” working conditions which makes work precarious (Standing 2011: 77).

The precariat has never been a part of the working class or the proletariat. According to Guy Standing (Standing 2011: 14), precarious workers are deprived of work protection methods characteristic of the industrial era:

- a) labour market protection – possibility of gainful employment,
- b) employment protection – employment and layoff regulations, protection against dismissal,
- c) workplace protection, permanent job protection, fixed duties, promotion prospects,
- d) safety at work – protection against accidents and diseases,
- e) employee skills development prospects – access to training courses, potential to increase qualifications,
- f) income protection – guarantee of adequate steady income, protected by mechanisms to block sudden decrease in income (indexation of wages, common social support),
- g) guarantee of the right to join trade unions.

The precariat is defined by short-termism which may turn into permanent inability to look long-term, mainly because of the low probability of personal or professional development.

In addition, the Internet and the addiction to browsing information, Facebook, and other social media are working to "reprogram" the brain. Digital intellectual life impoverishes the imagination and the ability to think long-term. Digital information destroys the capacity for contemplation, reflection, philosophy, individuality.

In sociology, the present society is understood as being composed not of individual units, but rather of unified elements having superficial knowledge aimed at immediate short defence reactions against the environment that is presented to an individual by computers (Standing 2011: 28–34). Precarious workers, in particular, suffer from information overload; they are doomed to quick action, they have no conditions for reflection, and they act by short quick responses. They have no potential to go beyond the present moment, into the future and the past, to distinguish important issues from worthless information, the useful from the useless.

Precarious workers are characterised by 4 'A's: anger, anomie, anxiety, alienation (Standing 2011: 27–28). According to Emile Durkheim, anomie is the feeling of passivity born of desperation (Durkheim 1960, Book 3: 104–108). A continuous perspective of dull work with no career opportunities or professional promotion prospects further deepens this feeling. Precarious workers live in fear of chronic hazards connected with "balancing on the edge", where an accident results in a decrease on the social ladder by few rungs, and sometimes to the bottom. The fear is associated with a loss of what one already has, even if a precarious worker is convinced that their current condition is already unfair. People living in fear of losing their jobs become angry. Alienation results from a low professional status and the lack of career opportunities. Precarious workers lack self-esteem, because society does not respect their work (Standing 2011: 25).

The expansion of precariat in Europe

The number of precarious jobs is high in many countries. For example, in Poland the percentage of domestic workforce who are precarious workers amounts to 26.9%, in Spain 23.1%, in Portugal 21.4%, but in France it is only 16.0%, in Germany 13.3%, in Italy 13.2%, in Austria 9.2%, in Denmark 8.8%, and in the United Kingdom it is as low as 6.2% (OECD 2015, Temporary employment).

It is not affecting all European Union countries in the same way, but all over Europe the social-economic transformation has had an impact on employment and working conditions. Especially in Central-Eastern Europe, but also in economically stronger, European Union countries, unemployment is quite high. People with lower skills have a higher risk of becoming or remaining unemployed in this context. The unemployment rate in Poland amounts to 9.0%. This is much higher than in other European countries: 6.8% in the Netherlands, 6.1% in the United Kingdom and the Czech Republic, 5.6% in Austria, 5% in Germany, and as low as 3.5% in Norway. Taking into account all the OECD countries, the average unemployment rate is 7.3% (OECD 2015, Unemployment rate).

But the situation not only has consequences for those out of work. It also creates insecurity and reduces workers' options. It forces them to accept bad working conditions against their will, because there is no alternative.

In most European Union countries, the transformation has also had an impact on wages (Duchrow 1995: 75–83), limiting the increase of salaries (Bourdieu 1988: 96–102). The fear of losing a job leads workers to accept low pay. High unemployment weakens the possibility of negotiating for better working conditions. In consequence, the situation for low-paid workers has worsened and the number of so called working poor has been growing even in economically stronger states (Dommen 2003: 39–41).

The Polish labour market suffers from several weaknesses and is undergoing demographic aging. The employment rate had increased significantly and stood at 67.3% in 2014. Long-term unemployment continues to rise. In 2013, 42% of the unemployed remained without a job for more than one year, up from around 30% in 2008–2009.

Labour market participation of older workers also remains low, although a gradual increase in the employment rate in the age group of 55–64 is visible, from 41.3% in 2013 to 43.3%.

Labour market segmentation persists in Poland. The incidence of temporary contracts is the highest in the European Union – 26.9% in 2014 versus 13.9% in the Union, while the transition rate from temporary to permanent employment is low (20%) and the wage penalty is the highest in the European Union, 36.8% in 2010. Moreover, 66.8% of temporary employees cannot find a permanent job (EC 2014).

Furthermore, the use of civil law contracts has increased over the recent years. This excessive use adds to weakening the quality of employment, especially for young workers. To protect the provision of social insurance for persons employed

under civil law contracts and to limit their excessive use, a new law has been introduced, which is in force as of 2016. The new law is to oblige employers to pay monthly social contributions for all order contracts (i.e. the most commonly used civil-law contracts) to at least the level of a minimum wage (at PLN 1750 in 2015).

While Polish economists attempt to improve the situation by small practical steps, the greatest global thinkers suggest more radical solutions. Thomas Piketty proposes a global progressive tax on individual wealth, which would provide an advantage of common interest over private interests, maintaining the functioning of competitiveness and market mechanisms. Guy Standing puts forward a different solution – a Tobin tax on financial speculations.

The precariat in Poland

The expansion of the precariat deepens social inequalities and stratifies society. This phenomenon is expressed by the Gini index. In 2014, the Gini index for Poland was 0.31, which was the same as the average of the indexes for all the OECD countries. It is worth emphasising that this index value expresses the significant stratification of Polish society. In comparison with the indexes for the wealthiest European countries: France – 0.30, Switzerland – 0.30, Germany – 0.29, the Netherlands – 0.29, Luxemburg – 0.27, Norway – 0.25, Denmark – 0.25, the one for Poland is extremely high. It should be noted that the value of the Polish index has increased in a very short period of merely twenty years, while in other countries this development process has covered the time of hundreds of years (OECD 2014, Income inequality).

On the one hand, a positive trend can be observed. The number of people at risk of poverty or social exclusion was 25.8% of the total population in Poland in 2013, versus 30.5% in 2008. Children at risk of poverty or social exclusion constituted 29.8% of people under 17 years old in 2013, versus 32.9% in 2008.

On the other hand, Poland still faces serious challenges in terms of the overall adequacy and coverage of the social protection system. At the level of 18.1%, Poland's social protection spending in terms of GDP remains below the European Union average of 29.5% (EC 2014).

The recent statistics show that today there are more and more precarious working conditions (Standing 2011: chapter 3). The basic characteristic of precarious workers is their uncertainty within the system. Precarious workers do not know how they will be employed. When their current job is finished, they do not know if they can find another one. Precarious workers are employed under so-called junk contracts, getting only their wages, but no health insurance, paid leave, or retirement insurance contributions. Work which is not performed on the basis of a permanent employment agreement is not taken into account when the length of job experience is calculated or when a bank decides on granting a loan, and, in general, it does not provide the stability necessary to plan the worker's future life.

Young Poles usually live in uncertainty of their work and future, convinced of the impossibility of making plans for the upcoming years, and in anxiety about starting up a family or buying a flat.

While Polish politicians create state economic policy, they frequently do not focus on the interests of the general public, but support the wealthiest capital owners, the consequence of which is that the economic profits in Poland, as in other European countries, are taken mainly by the richest.

The employment situation is disastrous in Poland, especially for young people. Their average unemployment rate all over Europe is more than 20%, while in Poland it is 26.9%. This creates a generation of young people without hope and deepens the social gap both within Poland as well as between Poland and other European countries (Piketty 2013: 149).

Another important impact of the economic transformation and crisis is the mobility of workers in the European Union. It is a fact that more and more workers in Eastern Europe are forced to go abroad to look for a better job in another country (Standing 2011: chapter 4). Migrating people are often forced to work under bad working conditions and to accept lower wages compared with the local workforce, even if higher than in their country of origin (Addy 2003: 20–21).

This has a deep impact on family life: the number of children left alone back in the home country – the so-called “work orphans” – is growing. And, in the long run, the brain drain of skilled workers reduces the competitiveness of less developed countries.

Conclusion

To sum up, the economic gap within Europe is widening (Piketty 2004, 2013). Ultimately, over the period of 25 years, Polish society has covered the distance from the Solidarity expectations to this precarious reality.

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