# Behind the government crisis in Poland

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The two parties in Poland's coalition government, Solidarity Electoral Action (AWS) and the small Freedom Union (UW), are seeking to reach agreement on the formation of a new cabinet within two weeks. This will involve finding someone to replace Poland's present prime minister, Jerzy Buzek.

The AWS suggested as Buzek's successor the hard-line monetarist Boguslaw Grabowski, currently a member of the 10-man "Monetary Policy Council", a governing body of the Polish State Bank. The AWS hoped with this proposal to demonstrate their adherence to neo-liberal economic policies, but Grabowski declined.

The five Freedom Union ministers submitted their resignations on May 29. In addition to Finance Minister Leszek Balcerowicz, these were Foreign Minister Borislaw Geremek, Defense Minister Janusz Onyszkiewicz, Justice Minister Hanna Suchocka and Transportation Minister Tadeusz Syryjczyk. At the same time, Balcerowicz asked the prime minister to refuse to accept the resignations in order to leave room for compromise. This prompted some UW deputies to accuse Balcerowicz of orchestrating the resignations as a mere "gesture".

Balcerowicz, the architect of the 1989-92 economic "shock program", is regarded as one of the most influential figures in Polish politics and enjoys the confidence of international high finance. The International Monetary Fund has already offered him a leading position in its hierarchy.

There is no doubt that Balcerowicz's Freedom Union is prepared to continue the coalition with the AWS, since new elections would catapult them out of office. Recent opinion polls give the AWS 16 percent and the UW 11 percent of the vote. In view of the government's declining popularity, the resignation threats have the character of an attempt to rescue the ruling coalition.

The crisis came to a head after a row between the UW and the AWS over who was to be appointed to a position in Warsaw's Central District. But this was preceded by more serious conflicts, triggered in the main by differences over how Polish legislation is to be adapted to the norms and standards of the European Union.

The preparations for Poland's entry into the EU, which has been postponed several times and is now planned for early in 2003, have generated severe social conflicts. The required legal amendments have provoked tumultuous altercations in the Sejm, Poland's parliament. Although all of the major parties are in agreement about the general course to be taken, the question of who is to bear the costs of EU compliance is a matter of great contention. Parliamentary democracy, which was celebrated as a great achievement in 1989, is now seen as a stumbling block that hinders "reforms".

On several occasions, when bills agreed upon by the AWS/UW cabinet were introduced in parliament, 20 to 30 maverick AWS deputies broke ranks and voted against them.

The AWS, which won the 1997 elections, had formed itself the year before as a loose federation of 35 right-wing groupings under the leadership of Farmers' Solidarity. The voting behaviour of its deputies corresponds to the diversity of its supporters.

Balcerowicz's tax reform plans provide a good example of this. These plans, which were voted down last year in parliament, again failed to receive the required majority of votes this year, despite a clear agreement with the AWS that its deputies would vote for them. As if that were not enough, several AWS deputies refused to support laws intended to liberalise the labour market, speed up privatisation of the steel and mining industries and "combat corruption". The intended introduction of 3 percent value added tax on agricultural products also failed to gain passage.

The Sejm has to pass at least 100 more amendments before Poland can join the EU. The pace so far: a mere six bills have passed parliament since the beginning of this year.

Reacting to the latest government crisis, the European Commission has expressed its "concern" about the situation in Poland. The director of Poland's Central Bank, Hanna Gronkiewicz-Waltz, is insisting on the necessity of an austerity budget for the coming year. A weak government, she said, risks becoming the hostage of interest groups that demand cash payment for their support. A government that is susceptible to pressure is a danger for the reform program, she warned.

According to a report by the Reuters press agency, bank and finance analysts are now considering out loud whether it wouldn't be preferable to have early elections, even if that meant that the Alliance of the Democratic Left (SDL) came to power. The SDL (the successor organisation to the former Stalinist government party PUWP) would get 44 percent of the vote, according to the latest opinion polls.

Others are speculating that a UW/SDL coalition might be the

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most cost-efficient solution. There are few programmatic differences between the two parties, and the UW has indicated that it is not in principle opposed to this option. The present government has relied on the votes of SDL deputies when it came to adapting EU laws, even when its own deputies threw a spanner into the works.

But the SDL, the party of Poland's president, Alexander Kwasniewski, appears little inclined to take on that thankless task. After a meeting with Buzek, Kwasniewski stressed that the crisis had to be overcome in a joint effort: "Poland is at a crossroads. We are holding difficult negotiations with the EU, we have to pass a budget for the coming year, and the coalition has to agree on and pass many laws," he said.

One of the main reasons for the friction between the EU and Poland is the dramatic situation confronting the Polish farming industry, which is also one of the decisive factors in the present government crisis. The requirements of the European Union for Polish membership mean nothing less than the ruin of Poland's small-scale farmers. One third of them at most are considered capable of surviving under conditions of competition from western Europe.

With more than two million registered family-run farming enterprises, the small farmers are not only a numerically large sector of the population, they are often the last safeguard against destitution. Many a family is only able to get by through its connections to a relative's farm.

Poland has a population of 38 million. More than a quarter of all employed persons work in the farming industry, most of them for small private enterprises. There are in addition about 1,500 state-run farms and 1,700 cooperatives. Some 300,000 farm workers have already lost their jobs in these sectors.

One fifth of the family-run farms are full-time enterprises, while another 40 percent are part-time or supplementary. Already the income of full-time farmers is 20 percent below the national average. These farmers have been particularly impacted over the past 10 years by the collapse of the former Soviet market. The crisis in 1989-93 halved the income of most farmers.

Polish farmers sell their produce and livestock to grain and oil mills, dairies, abattoirs, sugar refineries and starch factories. As of yet very few of these facilities have been privatised. They often date from before the Second World War and are ready for the scrap heap. They receive their supplies through the "agricultural market agency" ARR, which has been accused of keeping farm product prices artificially high by means of intervention purchases.

Poland is demanding billions in subsidies for its farmers if it joins the European Union. But the EU has countered that demand by arguing that this kind of subsidy payment is only intended for structural reforms that have already taken place, not for future changes.

In April, talks between EU representatives and the Polish government broke down when Poland announced it would not retract increased import duties on agricultural products from the EU which it had introduced in December. The hike in import duties, a reaction to furious protests from Polish farmers, involved products produced in large quantities in Poland, such as pork, cereals and sugar.

The EU called the rise in duties a violation of the 1995 association treaty, which obliges both Poland and the EU to reduce import obstacles. Like all such measures, this provision ultimately benefits the stronger of the two parties. However, the fulfilment of the 1995 treaty is regarded as a precondition for the commencement of negotiations on the agricultural aspect of Polish entry into the EU.

The agrarian population, which in large part lives under archaic conditions, has been opposing the opening up of Poland's economy to the world market with increasing vehemence since official negotiations with the EU were launched two years ago. For decades, they served as a pillar of the Catholic Church and a right-wing opposition to Stalinism. Now, ironically, Poland's peculiar brand of conservative agrarian radicalism is directed not against an allegedly "communist" state, but rather against capitalist Europe.

Because of the lack of a workers movement that would offer an independent alternative, the dire situation of the farmers can be exploited by extreme right-wing forces. Last year's angry farmers' protest movement was under the leadership of Jerzy Lepper, a national-chauvinist demagogue.

The social problems connected with joining the EU cannot be solved by switching the prime minister or cabinet members. Comments in the Polish media criticising Jerzy Buzek for his lack of authority within the AWS overlook the fact that Buzek's weakness is not so much the cause, but rather the result of the weakness of the Polish government as a whole. The ruling class can only hold out against its own population if it finds support in the EU. But the EU is demanding attacks against the Polish population that would result in the further social and political isolation of the ruling elite.

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