

On eve of Poland's entry into the EU

# Polish prime minister resigns amid mass opposition to social devastation

**Our reporters**  
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Polish Prime Minister Leszek Miller resigned last week in the wake of mass discontent with the social devastation brought about by his government's plans for the "reform" of the Polish economy and its support for the US war in Iraq. This latest crisis for the Polish government has erupted on the eve of the country's entry into the European Union (EU).

On May 1 of this year, Poland will formally take up membership in the EU. However, under no circumstances will this step bring any improvement to the current social misery facing the Polish population. On the contrary, for the majority of Poles, entry into the EU will mean a worsening of their social position.

Since the collapse of the Stalinist bureaucracies in Eastern Europe in 1989, every subsequent Polish government has attempted to push through the complete privatisation of industry and agriculture, as well as the liquidation of outmoded branches of industry like mining and steel.

With so-called "shock therapy" and other government policies, the living standards and jobs of the majority of the population have been destroyed. Corruption and cronyism have increased in the spheres of politics and business in an almost obscene fashion. The anger and disgust of the population have led to the regular voting out of the standing government, whose participating parties then vanish from the scene, only to reappear shortly afterwards in another form and with a different name.

The current minority government of former Prime Minister Leszek Miller is based upon a coalition of the Alliance of the Democratic Left (SLD), which arose from the old Stalinist state party, the PZPR, and the Labour Union (UP). They came into office with the aim

of making Poland fit for entry into the EU. During their tenure, they prosecuted both massive cuts to social welfare and privatisations, as well as supported the US-led war against Iraq. As part of the so-called Coalition of the Willing, they toed the line of American imperialism and dispatched Polish troops to Iraq. Until now, however, they have failed to see any rewards with respect to anticipated reconstruction contracts.

The social situation in Poland has steadily deteriorated. Unemployment is more than 20 percent, for youth more than 40 percent. According to a study by Warsaw University, 40 percent of Polish households cannot meet their basic requirements. Unemployment benefits are extremely low and are handed out only in the most extreme cases.

The situation in rural areas is particularly precarious, with only one in five Poles currently employed, even though agriculture accounts for only 3.3 percent of national GDP. Various studies show that 26 percent of agricultural businesses are no longer viable. Many farmers produce only for their own personal subsistence; their small plots of land are all that stand between them and complete poverty. The next wave of planned structural reforms will deprive these people of their very means of existence.

Poland's finance minister, Jerzy Hausner, has in this context pushed through an extensive austerity package. The so-called Hausner Plan comprises more than 30 new laws that provide for further brutal spending cuts of 32 billion zloty (6.7 million euros) to 2007. The aim of these measures is to satisfy the criteria for entry into the euro zone. This means cutting the current deficit of 4.9 percent of GDP to less than 3 percent.

Especially hard hit will be the already minimal

pensions. From 2005, they will no longer be adjusted yearly for inflation and will only be raised if prices have increased at an annual rate of 5 percent for two succeeding years. Claims for the minimum monthly pension rate of around 500 zloty (140 euros) will only be awarded to those who have worked for at least 25 years and are older than 65. Until now, those who had worked for just 20 years were eligible. Invalid pensions will become more difficult to obtain, and all benefits for early retirement abolished. In addition, from 2014, the retirement age for women will be steadily increased from 60 to 65 years.

A freeze will be imposed on all other social benefits, with no adjustments made for inflation. The only exception will be for the minimum wage. Sickness benefits will be reduced from 80 to 70 percent of the basic wage. Furthermore, social insurance contributions will be increased for the majority of rural workers. These measures will above all affect those who, through privatisations and previous structural reforms, have lost their means of existence.

Leszek Balcerowicz, the current president of the Polish Reserve Bank, but better known as a former finance minister and the “Father of Shock Therapy” in the early 1990s, made the following comment on the Hausner Plan: “A first step in the right direction... [T]he plan is necessary, although I would have administered a stronger dose to the patients.”

Following the resignation of Miller, the first step by the Polish president, Alexander Kwasniewski, has been to propose a replacement who will guarantee a “stronger dose” and ensure that the gutting of the Polish welfare state continues. Kwasniewski proposed his close confidant, Marek Belka, to replace Miller on May 2.

Fifty-two-year-old Belka is a professor of finance who studied in the 1980s under neo-liberal Milton Friedman in Chicago. On two separate occasions, Belka has occupied the post of finance minister in recent Polish governments. Only last year, Miller sacked Belka from his government after the latter refused to make any compromises regarding plans for the drastic overhaul of the Polish economy. Since leaving his post in the Polish government, Belka has occupied a central post in the US-led civilian authority in Iraq with responsibility for economic and business reconstruction.

The latest proposal of Belka by President Kwasniewski sends two unmistakable signals: first, the restructuring of the Polish economy, with its devastating social costs for the broad population, will continue; and second, in the face of widespread public opposition, the Polish president remains firm in his commitment to supporting the criminal US war in Iraq.

In the meantime, the SLD government faces opposition from a large proportion of the population. Polls suggest that in a future election it would receive only 11 percent of the vote. Anxious to avoid fresh elections at this point, the SLD has already indicated it will agree to the nomination of the unpopular Belka.

The policies of the Polish coalition government have paved the way for an even more right-wing and brutal administration. The opposition Citizens Platform (PO) is currently running at around 30 percent in opinion polls, while the ultra-nationalistic Samoobrona, led by Andrzej Lepper, is recording 23 percent. In the next election, the Polish working class will once again have no real choice and will be called upon to cast their vote for either proponents of radical economic reorganisation or reactionary nationalists.



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