Austerity Policies and Gender Impacts
In Poland

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The current political situation

After the November 2011 elections, the Civic Platform government was returned to office, continuing a conservative-liberal course of governance, together with the farmers’ party PSL in coalition. However, the second power in the parliament, currently in opposition, is the right-wing PiS, representing a more social, but also a very conservative approach. The last election also introduced a new political option to the parliament – Palikot’s Movement, a party founded by former PO members, representing a liberal approach in terms of civil matters, as well as economic reform. This innovative body has been winning over more modern supporters of PO, as well as disappointed left-wing voters. Last but not least, the social democratic party SLD also managed to reach the parliament threshold; however, the result was one of the worst in the history of the party.

Thus, without many changes in political actors, the liberal direction of rule was maintained, pursuing the planned reform programme. The neoliberal economic approach meant further cuts in public expenses, as manifested in the privatisation of social policy and commercialisation of social services. Secondly, the policy of dependence on European funds is maintained, as manifested for example in presenting negotiations on the next EU budget perspective as the government’s victory.

At the same time, growing conservatism is noticeable, especially when it comes to women’s rights, reproductive rights or minority issues (such as abortion, in vitro fertilisation or registered partnership). Moreover, growing nationalist attitudes are visible in the mainstream – the spirit of early twentieth-century anti-Semitic conservative Christian democracy has shown itself present on the streets. Conversely, a left-wing orientation seems to be often confused with liberal positions related to customs and dimensions of social life instead of economic issues, a phenomenon that can also be observed in the decreasing importance of trade unions and downfall in trade union density.

Policies applied as reactions to the crisis

Austerity measures have been noticeably applied to social policy areas related to care, the education system and social transfers concerning welfare payments, as well as fiscal policy. Their origins can
be traced back as far as the early 2000s; however, the global economic crisis has become a justification for a more courageous neoliberal drive.

Provision of childcare is a key issue in the discussion about tension between the demographic crisis and the ongoing austerity policy. Since 2008 it has undergone reforms that were supposed to make it easily accessible and less independent of public funding. However, withdrawal of the state from care provision goes further back, to the crisis that took place due to the transition processes of the country. The number of places in public crèches diminished from 96,000 in 1990 to 30,000 in 2009. A slight increase has been visible ever since then, but still not more than 3 per cent of children attend these facilities.\(^1\) A similar trend was observed with regard to public kindergartens,\(^2\) especially affecting rural areas. The ongoing withdrawal of the state from institutional support to families encountered the public critique of childcare shortages and thus brought about ideas of partial privatisation. The commoditisation of childcare services was launched in 2011 by the act on care for children below 3. It introduced other forms of providing care for the youngest children than crèches. Sometimes the institutions of toddler clubs and daycare established by this act resemble the mechanisms of outsourcing services. They are contracted by local governments to private entrepreneurs. Some of these crèches are run by private owners. Moreover, the newly established institution of nannies involves self-employed providers. The same is true of kindergartens for children aged 3-6. The number of places in public institutions is insufficient, and only 5 hours a day are granted for free, while private ones often demand high fees. Thus the rate of pre-school education for children aged 3-5 in Poland is less than 50 per cent – for OECD countries the average rate is 77 per cent.\(^3\) Large differences may be observed in relation to children’s place of origin – half as many children attend pre-school facilities in the rural areas as in the cities: 37.5 per cent and 76 per cent respectively.\(^4\) Thus pre-school education is increasingly becoming a privilege for the children of well-educated parents in the cities.

The austerity policy has also been applied to schools. Primary schools and gymnasiums were shifted to municipal-level responsibility. Facing the problem of low demographic growth and a decreasing number of children, underfinanced local governments decided to close small schools in low-population areas. Thus, according to the Ministry of Education, within the last 5 years 2,037

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\(^3\) OECD Family Database, PF3.2, Enrolment in childcare and pre-schools, [http://www.oecd.org/els/soc/37864698.pdf](http://www.oecd.org/els/soc/37864698.pdf)
public schools have been closed. However, it has lately been noticed that the gap left by the public sector was quickly filled by the private one. Within the last 5 years the number of private schools has increased by one third, and in the case of 6-class primary schools the number has doubled. The schools are either saved by parent-founded associations or newly established by private business.

With regard to social insurance and benefits, two significant reforms have been undertaken. The first successful attempts at pension system reform go back to the late 1990s, when the public solidarity-based system was replaced with a hybrid one, with obligatory participation in commercial finance institutions. The new two-pillar system was founded on the idea of increased individual responsibility. The previous PAYG system was based on the principle of solidarity, using current contributions to cover pension liabilities. The new system was believed to help to increase household and individual saving rates, and to enable the social security system to finance itself. In 2012 the second part of the pension system reform was conducted by introducing a rise in the retirement age to 67 years for both sexes. Apart from the fact that it postpones the time of payment of benefits to the elderly, and privatises the responsibility for their wellbeing, it was also criticised by women’s trade unions for not taking into consideration the future of such professionals as nurses, caretakers and shop assistants, whose duties require fitness and are physically challenging. “Women run households and raise children, and now they are made to work until 67 years of age. Which of us can stand it?” This question was addressed by female representatives of two left-wing trade union confederations, OPZZ and Sierpień 80, to Prime Minister Donald Tusk during a parliamentary debate in February 2012.

Secondly, in 2013 the possibility of extending maternity leave to 52 weeks entered into force. This project was warmly welcomed by young mothers, who otherwise would have the opportunity to stay with their babies only for maximum 26 weeks. Moreover, additional part of 26 weeks of so called parental leave can be shared by both parents due to their choice. However, the extended option involves lowering maternity leave benefit from 100 per cent to 80 per cent of average wages. Moreover, the proposition is also thought to be a short-term method of reducing unemployment rates, as well as easing the institutional childcare supply crisis (see above).

Austerity measures have also been applied to labour market standards. Using the EU discourse of work-life balance and work-family reconciliation, flexible employment forms have

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6 Dziennik Gazeta Prawna, A2-3, 26.03.2013.
been widely popularised. The question of security is omitted – civil contracts are not subject to the labour code, and thus they do not need to refer to basic workers’ rights, such as the right to sick leave, maternity leave, a period of notice before terminating the contract, etc. Moreover, Poland leads in the number of fixed-term contracts, which cover a quarter of all employed.\cite{7} According to official statistics, expiration of such contracts is the main cause of losing jobs. Furthermore, self-employment is strongly encouraged. Flexibilisation of working time and employment conditions was introduced in the 2009 act on assuaging the consequences of the financial crisis to employers and employees. It sets out conditions regarding the determination of individual working time, diminishing the number of working hours and imposing restrictions on full-time permanent employment.\cite{8}

In terms of fiscal policy, a reform of value added tax was carried out. In mid-2010, in order to avoid any further growth of public debt, Prime Minister Donald Tusk announced that of all possible solutions increasing VAT would be the best for public finances and the least harmful for society. In January 2011 the act entered into force. Poland is subject to European Union law, and the recent reform was also presented as necessary to make national law conform to the latter. According to the new act, the basic rate of VAT was increased by 1 per cent, bringing it to 23 per cent. Apart from that, two other rates were introduced. A rate of 5 per cent applies to unprocessed food (previously 3 per cent), books and specialist journals (previously 0 per cent). The rate of 7 per cent was replaced with one of 8 per cent in 2011, among other things related to processed food, meat, hygiene products and services such as sanitary services, waste disposal, transport and recreation.\cite{9} Such a significant growth of maintenance costs has not yet been balanced by adequate wage growth.

**The impact of austerity on women’s labour market participation**

Labour market participation rates in Poland are among the lowest in the EU community. The average activity rate is 56 per cent, for women not exceeding 50 per cent. The general employment

\begin{footnotesize}
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\item \footnote{7} Eurostat Database, Employment (main characteristics and rates) – annual averages, last update 17-01-2013.
\item \footnote{8} Ustawa z dnia 1 lipca 2009 r. o łagodzeniu skutków kryzysu ekonomicznego dla pracowników i przedsiębiorców, Dz.U. 2009 nr 125 poz. 1035.
\item \footnote{9} Ustawa z dnia 29 października 2010 roku o zmianie ustawy o podatku od towarów i usług, Dz.U. 2010 nr 226 poz. 1476.
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rate slightly exceeds 50 per cent, for women again presenting a much lower value of 43.4 per cent.\textsuperscript{10} The registered unemployment rate has risen to 12.5 per cent, dividing the population almost equally by gender, as 53.5 per cent are women.\textsuperscript{11} General data show a growth in the active population up to 2010, for both men and women. The latest data from 2011 and 2012, however, showed a slight slowdown in the dynamics of the active population. Since 2008 the unemployment rate has shown an increasing trend.

Since the outbreak of the economic crisis, the state has not appeared to develop efficient job creation strategies, a situation that affects the most vulnerable groups on the labour market – graduates, young parents and the 50+ category. At the same time, part-time employment is much less popular, especially among women.\textsuperscript{12} It is worth collating these facts with hidden dimensions of unemployment such as underemployment. Out of a population of those employed who wish to work more, women constitute 62.1 per cent.\textsuperscript{13} Furthermore, the activity rate of the oldest population is very low, going down to 36 per cent in the 54-64 age group.\textsuperscript{14} Out of all early retirements 70 per cent are women.\textsuperscript{15} They also make up the majority of working pensioners, who admit that their decision regarding their merely partial retirement was prompted by the labour market situation. Combining partial pension payments with part-time jobs allows people to preserve acceptable living standards.\textsuperscript{16}

One of the government’s solutions to the problem of a downfall in employment is to encourage private entrepreneurship and the SME sector. After a boost in the middle of the 1990s, the percentage of self-employed is diminishing, and since 2008 it has remained at a constant level of 22-23 per cent. In particular, this number is twice as high as the EU average for the female population, including every fifth woman, while the EU average is 10 per cent.\textsuperscript{17} Still, the drop in female entrepreneurship is more visible and dynamic – female companies seem to be less immune to market changes, as well as being located in service sectors highly sensitive to the crisis. Moreover, self-employment tends to be enforced by employers outsourcing service-providers to avoid non-wage labour costs. Thus setting up a micro-company seems more of a last resort to avoid

\textsuperscript{10} GUS, “Mały Rocznik Statystyczny 2012”, Warszawa 2013, p. 139.
\textsuperscript{12} GUS, “Kobiety i mężczyźni na rynku pracy 2010”, Warszawa 2011, p. 12.
\textsuperscript{13} GUS, “Kwartalna informacja o aktywności ekonomicznej ludności” IV kwartał 2010, p. 7.
\textsuperscript{15} GUS, “Mały Rocznik Statystyczny 2010”, Warszawa 2011, p. 156.
\textsuperscript{16} GUS, “Przejście z pracy na emeryturę”, Warszawa 2006, p. 46.
\textsuperscript{17} Eurostat Database, Employment growth and activity branches – annual averages, last update 17-01-2013.
unemployment, encouraged by easily obtainable EU funds, than a sustainable business plan and result of economic research. Still, out of all employers only 30 per cent are women, which proves that they are not fully empowered in industrial relations.\(^\text{18}\)

On the other hand, female professional activity seems to be significantly influenced by the crisis of the care services supply. The cultural background of gender division of labour, as well as the unsatisfactory supply of childcare services, tends to ossify the model of implicit familialism.\(^\text{19}\) Professional inactivity is related to duties of care. 30 per cent of professionally inactive women are involved in full-time housework and duties of care for other family members. Moreover, most of those providing childcare are women aged 45-64, while out of all women aged 55-64 40 per cent provide care services to children in their families.\(^\text{20}\) The latest data also show that the crisis has severely affected young women returning to the labour market after a break for childbirth. The 24-35 age group is the biggest group of registered unemployed, growing from 261,000 in 2008 to 366,000 in 2012. After coming back to work they are devalued, passed over or overlooked for promotions or even dismissed, in spite of the labour code.\(^\text{21}\) Since 2008 the number of women who register as unemployed after giving birth has increased from 160,000 to 217,000.\(^\text{22}\)

**Gendered impact of cutbacks in services and benefits**

The first and most visible impacts of major cutbacks in care services are the growing difficulties of work-family reconciliation, especially affecting women. As shown above, irrespective of age and labour market participation, women are more burdened with the provision of care services. Secondly, unemployment data show that they are also either less desirable employees or employees with special work-life balance needs that a standard labour market environment cannot provide. Last but not least, the ongoing crisis of the family policy, combined with precarious employment and preferred full-time employment, will result in postponing reproductive decisions. Reports show that preferred family models have not changed much over time. Of all people without children 80 per cent would like to become parents, and of all families with one child 60 per cent

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declare their wish to have another one. Family preferences remain the same, as do the reasons for refraining from fulfilling them: lack of security on the labour market, unsatisfactory income levels and a poor housing situation. Meanwhile, the fertility rate in Poland is lower than the average in the EU, at 1.3 children per woman.

So far, the most tangible effect of austerity measures can be estimated as being due to the pension system reform and forecasts of future pension levels. Women have always been in a less favourable position in the pension system. They are also disadvantaged in terms of retirement benefits, but the problem goes further than just the systemic framework. The problems of female pension levels are also of a structural character, beginning with the labour market. The gender pay gap, occupational segregation and hierarchical inequalities (the “glass ceiling” or the “sticky floor” effects) result in a low level of contributions to the system. More frequent absenteeism is primarily caused by reproductive functions and duties of care. Thus not only old age but also gender is a risk-of-poverty factor. It was estimated that the future pensions of women born after 1975 could drop by as much as one fifth in comparison to older generations covered by the old system, while in the case of men this unfavourable drop would come to one tenth. Extending the retirement age to 67 was supposed to increase the level of future benefit payments; however, considering today’s labour market capacity and long-term trends poses questions about the possibilities of maintaining employment for the 50+ age group.

The value added tax reform mentioned above can also be analysed from a gender perspective. Rising prices affect society as a whole, but they affect the poorest groups in particular. Due to lower wages, women are the first to feel the effect of those changes. Even before the value added tax reform, families with three or more children were at the highest risk of poverty. Single parents hold the third position in this ranking. Taking into consideration the fact that one fifth of all families are single mothers, tax reform shows a gendered impact, as a higher tax rate affects the prices of such basic commodities as course books and children’s clothes.

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23 CBOS “Potrzeby prokreacyjne oraz preferowany i realizowany model rodziny”, May 2012.
24 Eurostat Database, Fertility indicators, last update 23-02-2013.
The explicit or implicit gender order behind the applied policies

Major cuts affecting family policy tools, such as public care providers or educational institutions result in shifting the burden of delivering such services to the family, either by financial or by non-financial means. One suggested solution for slowing down the economy is increasing private entrepreneurship and individual job creation. The implicit gender order behind those trends seems to be ossifying a double burden on women. On the one hand, women are explicitly indicated as caregivers, as manifested in extending maternity leave instead of introducing gender equality policy tools, such as encouraging men to participate in all care responsibilities more frequently. Moreover, lowering the maternity leave benefit shows that domestic work is undervalued. At the same time, however, childcare services are subject to market mechanisms that evaluate them in monetary terms. Sometimes they prove to be unavailable to average households. The commercialisation of care services shows that they are seen as valuable, but somehow only when sold on the market. At the same time women are encouraged to engage in economic activity. Precarious working conditions have for a long time been presented as fulfilling EU recommendations on a work-life balance. The economic activity of Polish women has not been encouraged in any serious way. They are still paid lower wages and remain in lower positions, as well as working for shorter hours, i.e. spending less time delivering paid work in the marketplace, than men. An austerity policy focused on withdrawing the institutional forms of support for families leads to ossifying traditional modernist family models, which involve a female double burden: a gender division of labour and a partial economic dependency. The dependence of others on female unpaid work is transformed into a dependence of women on others’ income. This backlash leads to a situation where despite being granted equal rights women are not provided with equal chances: they bear the higher costs of their gender by providing unpaid caring labour and gaining lower returns for participation in the labour market and thus being at risk of partial exclusion from the pension system.

28 After submitting this paper in May 2013, a Millward Brown study was conducted in July 2013. It researched the situation after introducing the prolonged parental leave. Results show that only 30% of entitled women want to prolong their leave to 52 weeks. Only 4% of young mothers and 10% of pregnant women would share it with the father of their child. At the same time, only 15% of men want to take parental leave.

Assessment of gender mainstreaming structures and their impact on policy-making

Gender mainstreaming structures in Poland have adopted a liberal feminist approach, coming out in favour of a free market economy. On the one hand, it is believed that emancipation and gender empowerment are to be achieved through enhancing female entrepreneurship and leadership. On the other, the welfare state as a key care services provider is shrinking, shifting its responsibilities to the market sphere. Moreover, it is not applied correctly. Gender mainstreaming aims to reorganise the process of policy-making by applying gender analysis as early as the conceptual stage. In this understanding it is a holistic approach. It seems that in Poland such structures have not yet developed, and the activities aiming at implementing gender-sensitive policies do not reach beyond specific gender equality policies and actions embedded within certain sectoral policies, such as the labour market policy, family policy, educational policy and health policy.29

Being a part of government, the policy represented by the Plenipotentiary for Equal Treatment, Agnieszka Kozłowska-Rajewicz, follows the general tendencies. In recent years, actions undertaken have tackled issues such as women in business and female managers. Supported projects have focused on enhancing women’s participation in decision-making processes in business and supporting female leadership in business, politics and the media. Moreover, one of the successful interventions resulted in introducing gender equality on the boards of public companies by means of 30 per cent quotas. With regard to the care services crisis, the Plenipotentiary proposed the professionalisation of sick and disabled care by replacing benefits with payments to members of their families.30 The raising and the unification of retirement age for both sexes was considered to be in accordance with the equal rights policy, but it did not take into consideration the coexisting inequalities in the labour market negatively affecting the future situation of women retiring under these new conditions.31 As shown above, activities undertaken by the Plenipotentiary do not directly relate to the gender dimensions of the aftermath of a crisis, and thus it is impossible to assess their impact on policy-making processes within the crisis.

31 http://serwisy.gazetaprawna.pl/emyrtyury-i-wyronanie_wieku_emerytalnego_kobiet_i_mezczyzn_to_wyronanie_praw.html
As for the biggest and best recognised female lobby, *Kongres Kobiet* (Congress of Women), an organised social movement of socially and politically involved Polish women, it has recently lost the support of two important figures: the former president’s wife Jolanta Kwaśniewska and the anti-communist dissident Henryka Krzywonos. This shows the weakness of an essentialist basis, based on unity of gender and not its socio-economic consequences in a free market economy. *Kongres Kobiet*, which claimed to be uniting women from all over Poland beyond political views, shows growing ties to neoliberal ideology, as manifested for example in close links to the Polish Confederation of Private Employers *Lewiatan*. Scheduled for June 2013, the annual Congress for Women Conference includes workshops on how to make a business plan and set up a company, which goes together with governmental policies of combating unemployment by promoting self-employment and individual responsibility.

**Criticism of dealing with the crisis from a feminist perspective**

The neoliberal turn in Polish political decisions means that women suffer relatively more from the consequences of the financial and economic crisis. The commercialisation of care services seems to lead to the privatisation of duties of care for families. The alternatives are simple – either purchasing such services on the market or facing the return of care to the households. In the local cultural context it is women who do most of the housework. Thus taking away public institutional support means taking a step back to the familialist model of social policy and traditional division of labour, resulting in gendered economic dependence. However, using women as free care service providers may have positive short-term effects for public finances, as well as the problem of unemployment. Extending maternity leave while lowering benefits stands in opposition to promoting partnership in family models and changes of gender roles. Moreover, it also ossifies the precarious and undesirable status of female employees as problematic due to the burden of domestic duties.

The flexibilisation of employment and the abandoning of standards as far as workers’ rights are concerned result in insecurity on the labour market. Again, women, who tend to be more vulnerable employees, especially when facing the care services crisis, are the first to feel cuts resulting from the rationalisation of employment. Concentrated in the sales and services sectors,
they are the most sensitive to market fluctuations. Women are also a cheaper labour force – a gender pay gap persists, both vertically and horizontally.

From a wider perspective, processes of decomposition of the welfare state are in progress. The state has gained an investor orientation instead of defending the interest of citizens, which the government manifested by completely neglecting social dialogue when massive waves of social protests against retirement age reform arose. Special economic zones offering preferential tax conditions to global corporations lead the way to social dumping and a race to the bottom in terms of working conditions and safety.\(^{32}\) Last year’s national celebration of UEFA EURO 2012 left local budgets with debts that are now being met through communal property sales. That does not leave much space for any increase in the social investments sphere.

**Proposed alternatives to the austerity policy**

Problematic as it is, the crisis limits inflows to public budgets but also demands extra expenses to avoid social dumping and a fall in living standards. The neoliberals, however, use the argument of the crisis as an excuse for accelerated withdrawal of the state from social services. Cutting public expenditure is supposed to be balanced by the free market through commercialisation or private-public partnerships. So far, since 2008 Poland has not experienced much relief as a consequence of the measures taken. The austerity policy does not work – saving money by cutting expenses and reaching into citizens’ wallets is not the way forward. Where, then, to seek money?

Firstly, a sustainable and just tax system based on social solidarity seems to be one of the answers. In 2009, however, the highest income tax rate of 40 per cent was cancelled, leaving only two rates of 18 per cent and 32 per cent. The reform was the most lucrative for the richest Poles.\(^{33}\) With regard to entrepreneurs, they are not treated equally either. Special economic zones (SEZ) are granted public aid in form of tax breaks for as long as 10 years. The minimum value of investment in SEZ is 100,000 Euro, and thus most of the companies are global corporations. As an answer to the crisis, SEZ status was extended until 2020, opening up space for new tax-free investments.\(^{34}\)

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Secondly, social policy cannot be understood in terms of expenditure only. As shown in the 2010 study by the Levy Economics Institute, social care sector investment is both a more effective (more jobs per dollar of spending) and a more equitable (more for the low-skilled and poor) jobs creation measure than infrastructure investment on roads, railways and green-energy initiatives. Thus cutting funding for social policy in fact impairs economic growth and labour market policy dynamics.

The examples above show the inconsistency in combating the crisis. On the one hand, the austerity policy that is being applied forces society to bear extra expenses or withdraw to the private sphere in order to meet certain needs; on the other, the wealthiest are not affected by the austerity policy and do not share in its programme of solidarity. However, this situation shows that there is an alternative to the austerity policy in just and sustainable contributions to cover the costs of the crisis.

**Capacities to generate gender-sensitive alternatives**

The persisting crisis and continuous cuts in public expenditure have brought about discussions on alternative models of policies. Shrinking public support has brought about social activism. Social movements are more and more visible in Poland. The latest examples of grassroots initiatives that have focused on reclaiming social policy are the protests of pregnant mothers excluded from extended maternity leave and the parents of children who didn’t manage to get a place in childcare institutions. Academic communities and activists often support such initiatives. However numerous, these are usually single-issue movements, dissolving when a particular case is resolved. Losing popularity does not stop trade unions from showing active resistance to the government’s austerity policy on the labour market. The latest general strike in Śląsk region engaged 100,000 workers in 600 workplaces, representing all trade union confederations. Moreover, the trade unions are becoming more and more open towards gender issues and anti-discrimination policies. They are also open to alliances with academics to improve their potential.

Last but not least, the question of existing institutions responsible for social policy remains. They have the institutional capacity for change, but lack the political will to do so, as they belong to the liberal government establishment. In this respect, it is a challenge for the Social Democratic

Party (SLD) and other leftist powers in Poland to regain social trust and through the elections to win the opportunity to implement an alternative scenario for overcoming the crisis.

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