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LABOUR LAW AND UNEMPLOYMENT IN POLAND

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I. THE ECONOMIC BACKGROUND OF UNEMPLOYMENT

The radical changes in the system that are taking place in Poland in the years 1989—1991 aim at transforming the now post-Communist country into one with a social type of market economy. Although this direction of changes is nearly generally accepted in Poland, some rather alarming phenomena emerge in the course of those changes, such as the increasing unemployment and the revaluation of principles of employment policy which is now in progress in the country. In the years that preceded the present transformations, the doctrine of labour law never had to do with the problems of unemployment in Poland ; it treated the right to work for granted and fiercely criticized the phenomenon of unemployment in the "capitalist" world. Today, the doctrine faces an entirely novel situation which concerns also other post-Communist countries beside Poland.[1]

The complexity of the problem is reflected on the political and parliamentary forum by controversies as to the following issue : is the new Constitution of the Republic of Poland, now in preparation, to proclaim the right to work among other socio-economic civil rights, or should it perhaps resign that right altogether under pressure of the market reality or formulate it so as to prevent it from raising any grounds for claims (subjective rights). This parliamentary controversy in 1991 remains unresolved.[2] It should be added that those decidedly for preservation of

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[1] See E. J. Mestmacker, "Die Kraft des Freiburger Imperatives—Vom Sozialismus zum Kapitalismus : Wirtschaftssysteme im Übergang," *Frankfurter Allgemeine Zeitung*, June 2, 1990.

[2] Thus the Subcommission for the Socio-Political System which operates within the Constitutional Commission of the Sejm of Republic of Poland found it

the right to work in the new Constitution (that right was proclaimed in the 1952 Constitution) are the Leftist political forces, as well as the Catholic Left.

The socio-economic policy in Poland in 1990—1991 has been based on the following assumptions : 1) stabilization of the economy through curtailing inflation and restoring the economic stability ; 2) transition to the open market economy with the accompanying initiation of the process of transformations in the structure of ownership of the national property ; 3) soothing of the social afflictions that accompany the process of curtailing inflation, particularly in the shape of protection of and assistance to those temporarily unemployed.

In September 1991, the number of unemployed in Poland exceeded 1,700,000 persons ; the official forecasts mention two million such persons at the end of 1991, but the possibility of that figure going up to 2.5 million is also taken into account. According to appraisals made by the World Bank experts, recession in Poland must necessarily lead to massive dismissal of employees, while the process of restructuring of the industry may result in unemployment of about 3 million people. This extent of unemployment is namely necessary for the Polish economy to grow effective and able to come closer to the European standards in the mid-1990s.* [3] In any case, Poland has already crossed the "emergency line" in this sphere. A further unavoidable increase of unemployment in Poland is related to : 1) elimination—which is necessary in the market conditions—of overstaffing estimated at about 30 per cent of the total of employees in Poland ; 2) restructuring of the economy through liquidation of the big, antiquated and unprofitable economic subjects which have so far constituted the largest agglomerations of employees of great industries ; 3) commercialization of State companies and their progressive privatization ; 4) correction of the proportions of employment in agriculture in relation to other branches of the economy which will be necessary in the future but will release onto the labour market considerable amounts of manpower dismissed from agriculture.

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inexpedient to preserve the right to work in the new Constitution, stressing only the need to provide a constitutional definition of the conditions for unemployment control, while the Subcommission for Civil Hights and Liberties considered the possibility of preserving the right to work in a formulation which would not give rise to claims. (See "Trudne pytania—jeszcze trudniejsze odpowiedzi" [Difficult Questions and Still More Difficult Answers], *Rzeczpospolita*, June 13—14, 1990).

[3] See "Bezrobocie—cztery scenariusze" [Unemployment—Four Scenarios], *Rzeczpospolita*, April 23, 1990.

II. *THE LEGISLATIVE CHANGES IN LABOUR LAW IN THE YEARS 1989—1991*

1. *Regulation of Individual Dissolution of Employment for Economic Reasons*

In the years 1989—1990, changes were introduced in the Polish labour law aimed at facilitating the initiated economic processes. They concerned first of all the system of universal protection of stability of employment relationship, operative since 1975 when the Polish Labour Code had entered into force. For the last several years, starting with the works on economic reform undertaken still in the late Communist system in Poland, opinions were voiced in managerial circles that the L. C. and the protection of employees against unjustified dismissal it provided for made it impossible for managers to pursue a rational staff policy in their firms. Those opinions lacked substantial justification : in the 1980s, the judicial interpretation of the notion of "unjustified dismissal" tended increasingly to exclude from this group dismissals resulting from the company's economic needs. Yet in 1989, in the atmosphere of the "Round Table" conference, the then—still Communist—Parliament decided to open up the maximum possibilities for reforms. The labour code amendment introduced by way of the Act of April 7, 1989[4] resulted in changes which made it easier for companies to dissolve employment with individual employees for economic reasons. In particular, the facilitations consisted in the possibility of reduction by the company of the statutory term of notice ; exclusion of a portion of such dismissals, from under the trade union supervision ; and limitation of the right of the faultily dismissed employees to be reinstated in their jobs. Thus under Art. 36(1) of the labour code, if the dismissal with notice results from staff reduction, changes in the structure of staffing, limitation of the company's tasks or range of activity, or liquidation of the organizational department in which a given person has been employed, the workplace may reduce the statutory term of notice of 3 months to one month only. (In that case, the employee concerned is entitled to indemnity to the amount of his wages for the remaining part of the statutory term, of notice.) Further, the new Art. 41 (1) introduced to the labour code in 1989 provides that in the case of declaration of bankruptcy or liquidation of the workplace, dismissals of employees are not liable to trade union supervision, and special protection of such categories of employees as e.g. members of boards of union organizations does not apply to such situations. Finally, according to the new reading of Art. 45 para 2 of the L. C., an employee's

[4] The Act of April 7, 1989 on amending the Labour Code and some statutes (*Journal of Laws*, No. 20, item 107).

demand that the notice be found ineffective or that he should be reinstated in his job may be refused if the court finds that this would be impossible or inexpedient due to the company's liquidation or bankruptcy or to changes in its organization or production related to staff reduction ; in such cases, the court may limit itself to awarding indemnity to the amount of wages for a period from two weeks to three months. The above rigours which affected the employees were soothed somewhat late in 1989 : if the economic reasons are the sole cause of dissolution of employment, persons thus dismissed are awarded severance pays and salary differentials on principles similar to those which apply to group dismissals (see below).

Late in 1989, also the protection of stability of employment relationship was reduced in the case of employees who had formerly enjoyed special protection against individual dismissal to the extent not affected by the L. C. amendment of April 7, 1989. Concerned here are cases of dismissal for economic reasons due to changes in organization, production, and technology, where such reasons are the sole justification of dissolution of employment. Such dismissals—impossible or most difficult before—became possible late in 1989 provided the factory union lodges no protest. Objectified and operative by force of law, the protection of stability of employment relationship of those special categories of employees now depends on the standpoint of the factory union organization which has to be expressed actively in the shape of a protest at that ; this means it depends on a factor which may function differently or not function at all in different situations. The general trend of the Polish legislation towards reduction and increased flexibility of the protection of employees against individual dismissals for economic reasons, present in the years 1989—1990, manifests itself most distinctly in the above reforms.

2. Legal Regime of the So-called Group Dismissals

a) The new acts and the notion of "group dismissal"

A radical legislative step, prepared by the first non-communist government and passed by the new Parliament elected in June 1989, is the regulation contained in two statutes of December 1989 : the Act on group dismissals of employees[5] and the Act on employment.[6] The acts regulate the following issues :

— the procedure and rules of group dismissals of employees ;

[5] The Act of December 28, 1989 on special principles of dissolution of employment for reasons arising in the workplace (Journal of Laws, No. 4/1990 item 19).

[6] The Act of December 29, 1989 on employment (*Journal of Laws*, No. 75, item 446).

— cooperation in matters of group dismissals with various agencies and organizations (trade unions, workers' self-management organizations, employment agencies) ;

— allowances to employees in virtue of dismissal ;

— assistance to former employees staying out of job ;

— creation of workplaces and assistance in finding a job.

The two acts, prepared rather hastily and passed by the bicameral Parliament as if by the way of passing an extensive package of the economic acts which constitute the basis for the so-called "Balcerowicz Programme," were fiercely criticized by the trade unions, both Solidarity[7] and the National Alliance of Trade Unions practically from the moment of their entering into force ; they also caused some disappointment in the scientific circles.[8] What speaks in their defence, though, is the fact that they are unprecedented in a post-Communist country as well as their experimental nature. Besides, both the Government and the Parliament are fully aware of the weakness of those regulations and introduce the necessary corrections by way of the already passed amendments[9] of those most recent acts ; further amendments are to take place shortly. Thus despite the two acts' substantial shortcomings and numerous technical legislative defects, the very fact has to be appreciated that the new authorities saw to the creation of legal instruments to limit the extent and soothe the effects of unemployment in Poland at the right moment.[10]

The notion of "group dismissal of employees," though not used in the acts of December 1989, has by now won a permanent position both in the common parlance[11] and in the legal language in Poland ; also the

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[7] See M. Przybyłowicz, "Szybko naprawić !" [Prompt Correction Needed !], *Tygodnik Solidarność,* February 23, 1990.

[8] See "Report from the Scientific Conference" held at the Institute of State and Law, Polish Academy of Sciences, on April 28, 1990.

[9] See amendments of the Act on group dismissals of 26 January, 1990 (*Journal of Laws*, No. 10, item 59) of 13 July, 1990 (*Journal of Laws*, No. 51, item 298) and of 23 August, 1991 (not yet published) as well as amendment of the Act on employment of 9 February, 1990 (*Journal of Laws*, No; 9, item 57), and of July 27, 1990 (*Journal of Laws*, No. 56, item 323), the substantial and extensive amendment of the Law on employment is in Parliament in 1991.

[10] Senator T. Zieliński, Chairman of the Commission for Labour Law Reform, in an interview entitled "Między dwiema epokami—praca i kapitał" [Between Two Eras—Work and Capital] (*Rzeczpospolita*, March 27, 1990), treats the two acts as "transitional between the labour law of yesterday and the one that will be needed tomorrow."

[11] See e.g. "Nadchodzą zwolnienia grupowe" [Group Dismissals Are Near], *Gazeta Wyborcza*, July 17, 1990.

interest in the legal solutions in this sphere elsewhere in Europe,[12] particularly in the EEC countries[13] is growing in Poland.

The notion of "group dismissal of employees" lacks a statutory definition which, however, follows indirectly from the way in which the scope of application of the Act of December 28, 1989 has been specified by Art. 1 of that Act. It is based on mixed—objective and quantitative—criteria. A group dismissal is one that takes place for the following reasons : 1) due to liquidation, or bankruptcy of the workplace ; 2) for economic reasons or due to changes in organization, production, or technology, if such changes result in the need to dissolve employment contracts, on a single occasion or within a period of up to three months, with a group of employees constituting at least 10 per cent of the staff in companies with the staff of up to 1000 persons, or with a group of at least 100 employees in companies with the staff of over 1000 persons. The fact that the definition distinguishes liquidation or bankruptcy of the firm from other economic reasons of dismissal is of importance here as the Act of December 28, 1989 provides for differences in the legal regime of dismissals for each of the above two groups of reasons, assuming that a liquidated or bankrupt firm cannot possibly be obliged to render benefits to its dismissed employees of the nature and to the extent equal to the benefits required of a still functioning firm, even if it is in the precess of economic and organizational transformations. Those differences have been confirmed by the amendment of August 23, 1991.

b) The principles of cooperation with trade unions

Due to the fact that they constitute a social affliction, group dismissals involve special requirements as to cooperation with representations of the staff and with employment agencies. In most workplaces, it is the trade unions that are parties to such cooperation ; in exceptional cases of non-existence of a trade union in a given firm, its manager is obliged to consult the staff about group dismissals according to procedures adopted in that firm. As stipulated by the Act of December 28, 1989, cooperation with the unions in the field of group dismissals should result in an agreement concerning that issue. To this aim, the Act provides for a definite procedure that is obligatory for the manager. Namely, the manager is obliged to notify the factory union organization (or organizations, if there are several of them operating in the firm) in writing about

[12] See B. Skulimowska, *Rozwiązywanie umów o pracę z przyczyn leżących po stronie zakładu pracy [Dissolution of Employment for Reasons Arising from the Workplace]*, Instytut Pracy i Spraw Socjalnych, Warsaw 1989.

[13] See M. Matey, "Prawo 'Europy Socjalnej' w dziedzinie bezrobocia" [The Law of 'Social Europe' in the Sphere of Unemployment], *Rzeczpospolita*, May 18, 1990.

the intended dismissals 45 days at the latest before the scheduled date of that operation. The manager is also obliged to provide the unions with data about the reasons for group dismissals and to specify the number of employees and the professional groups designed to be dismissed. Upon notification, the union has the right to request to be informed by the manager about the firm's economic and financial situation and the planned number and structure of staff. The union has the right to submit to the manager proposals aiming at reduction of the planned extent of dismissals within 14 days ; have such proposals been submitted by the union, the manager is obliged to assume an attitude towards them within 7 days and to notify the staff about his standpoint.

Following these preliminary activities which might generally be called the stage of negotiations, but not later than within 30 days from their initiation, the manager and the union(s) should conclude an agreement, specifying the procedure to be followed when carrying out group dismissals, and particularly the criteria of selecting employees to be dismissed, the order and dates of dismissals, and also the firm's other duties related to vital matters of the group to be dismissed. In firms where more than one union operates, a joint agreement with all of those unions should be concluded. If the agreement cannot be concluded due to divergence of opinions, the manager is entitled to resolve the dispute by way of regulations which should include those principles of procedure which it proved possible to agree with the unions in the course of negotiations.

Has the procedure provided by the Act in cases of group dismissals been applied to the full, that is has an agreement been concluded concerning the expedience and extent of such dismissal, the manager is free from the duty, otherwise provided for by Art. 38 of the labour code, to consult the factory or national trade union organization about the planned dismissal. Whenever such an agreement could not be negotiated, that duty has to be fulfilled : thus in the sphere of trade union supervision over dismissals, this situation is treated as dismissal of a group of individuals.

Provisions of the Act of December 28, 1989 that concern the manager's duty to act jointly with the unions in matters of group dismissals of employees gave rise to conflicts before they actually became social practice. During the first year of the Act's operation, the unions—Solidarity as well as the National Alliance of Trade Unions—commonly found the firms' inobservance of the statutory rules of procedure which resulted to the equal extent from ignorance of law and from the wish to evade it. Also a specific trade unions' embarrassment with the very idea of "agreements on group dismissals" could be noticed.[14] The need arose

specially to make the union activists aware of the protective and not accepting function of those agreements, and also of the whole of the union's rights in this sphere which is novel in the Polish socio-economic life.[14] [15] Opinions are voiced in the union circles that the negotiations between the managers and the unions, started 45 days before the planned group dismissal, take place too late as a rule, that is after the actual decision has been made. Such negotiations should be initiated much earlier, in some cases even several years in advance, so as to make it possible for the employees duly to change their life plans for a more distant future. But in the conditions of the present radical economic transformations in Poland, it is impossible to start negotiations that much earlier, the firms being unable to appraise their possibilities and conditions of operation in any more distant future.

The manager is also obliged to notify the competent employment agency, that is the district labour office, of the planned group dismissal ; that notification has to be made not later than 45 days before the planned date of dismissal.[16]

c) Exclusions from group dismissals

A group dismissal for reasons specified in Art. 1 Part 1 of the Act of December 28, 1989, that is due to staff reduction for economic reasons or because of changes in the sphere of organization, production, or technology, cannot affect employees who come under the so-called special protection of the stability of employment, such as persons up to two years before the retirement age, pregnant women and women on maternity leave, and members of the board of the factory trade union

[14] The Act of December 28, 1989 failed to break in this sphere with the tradition, consolidated under the Communist rule in Poland, according to which the trade unions are expected to "cooperate" or "agree" with the managers, also in matters that are obviously against the employees' interests, such as group dismissals. The doctrine of labour law begins to notice the conflict between such cooperation and the union's basic function. (See K. Kolasiński, "Przedstawicielskie organy załogi, a związki zawodowe" [Representations of the Staff and the Trade Unions], in a publication prepared for the 9th Congress of Labour Law Departments of Universities, September 1990, p. 19.

[15] Thus the resolution of the 2nd National Congress of Solidarity (Gdańsk, April 25, 1990) stresses particularly the duty of factory Solidarity organizations to oppose group dismissals which lack economic justification or are carried out against the law. See also the new Law of May 23, 1991 on Trade Unions *(Journal of Laws*, No. 55, item 234).

[16] The fact should be stressed that the requirement of notifying the employment agency of the intended group dismissal 45 days in advance goes further than a similar requirement contained in the Guideline of the Commission of European Communities of February 17, 1975 on group dismissals of employees where a period of 30 days is mentioned *(Official Journal of the European Communities*, No. L 48/1975).

organization or employees' council during their term and one year after its completion. Should it prove impossible further to employ such persons in their former positions, the firm can only notice the termination of their former work and payment conditions (if this involves a reduction in wages, the employee concerned is entitled to a salary differential until the end of the period in which he comes under special protection). Provisions concerning special protection do not apply, however, in cases of group dismissals due to liquidation of the firm or declaration of its bankruptcy, which reflects the above-mentioned differentiation of the legal regime according to the kind of economic reasons for staff changes arising from the workplace, and to be exact, the economic and organizational situation of the workplace. Special protection has been introduced in August 1991 for members of Parliament and local communes councilors.

d) Severance pays and other means of *material provision of dismissed employees*

Employees dismissed according to the procedure of group dismissals for economic and organizational reasons, including also the cases of liquidation or declaration of bankruptcy of the workplace, are entitled to a severance pay to the following amounts : 1) one month's wages, if the person has been employed for under 10 years ; 2) two months' wages in case of employment for over 10 but under 20 years ; and 3) three months' wages in the case of employment for at least 20 years. Opinions are voiced in the trade union circles that the amount of severance pays should receive a more flexible treatment in the Act : for example, it might be left open for negotiations and adjustment between the unions and managers and would be included in the above-mentioned agreement on the principles of group dismissal (as many firms could actually afford it to pay out much higher severance pays).

If a person dismissed according to the procedure of group dismissal takes a job in another firm and his new wages prove lower than those in the firm he was dismissed from, he is entitled to a salary differential paid out by the new firm for a period of 6 months; to the amount of the difference between his former and present wages. The differential is paid out from the Labour Fund.

The two acts of December 1989, on group dismissals and on employment, create a system of provisions aimed at safeguarding social security of the unemployed. It is composed of employees' rights and benefits. The rights include :

— the right of persons dismissed for economic reasons to be reinstated if the workplace re-employs members of their professional group (Art. 12 of the Act of 28 December, 1989) ; it is, however, not a subjective

right and in fact resolves itself into the principle of priority in employment, if the former employee notifies the workplace of his intention to be reinstated within one years after dissolution of employment ;

— the possibility of earlier retirement irrespective of age, if at the moment of dismissal, a person has the definite period of employment, equivalent periods and periods included in employment counted ;[17] employees who do not have the full required period of employment may complete that period while waiting for a new job provided they register at the employment office and collect the unemployment benefit, that period being treated as equivalent to that of employment.

e) Unemployment benefits

Of basic importance among the allowances due to persons out of employment are the unemployment and training benefits. They are first of all to compensate for the lack of earnings, but they also perform another additional function : that of securing other allowances that supplement the unemployed person's protection in case of illness, disability, old age and maternity.

Unemployment benefit is due to a person who :

— is out of job, provided he has been employed for at least[1] 180 days during the 12 months that precede the day of his registration ;

— has registered at an employment agency as unemployed ;

— is not offered adequate job, training, qualification for a new job, and is not sent to intervention works or to a specially created job.

The dependence of the right to benefit on having worked for at least 180 days during the 12 months preceding registration at an employment agency was absent in the original wording of the Act of December 29, 1989 on employment—it was only introduced afterwards by an amendment of the Act made on July 27, 1990.[18] The amendment took place because it was found that during the first six months of the Act's operation unemployment benefits had been paid out to a large group of persons who admittedly were out of job but had never been employed before, and in fact did not intend to take a paid work (such as e.g. housewives) ; such persons treated the chance to collect the unemployment benefit as an unexpected bonus. The limitation of access to unemployment benefits, introduced in July 1990, is in fact not too rigoristic as a number of important exceptions have been provided in that same amendment : among

[17] See Ordinance of the Minister of Labour and Social Policy of January 26, 1990 on earlier retirement of persons dismissed from work for reasons arising from the workplace *(Journal of Laws*, No. 4, item 27).

[18] The Act of July 27, 1990 on amending the Act on employment *(Journal of Laws*, No. 56, item 323).

others, the above-mentioned requirement does not apply to persons dismissed according to the procedure of group dismissals ; to those under 18 ; to graduates of various schools and universities ; to sole family bread-winners, etc. In fact, the Polish regime of unemployment benefits still remains liberal as compared to many foreign regulations of this sphere. Moreover, no solution has been found of the problem of persons who collect the unemployment benefit but actually unofficially are active e.g. as street pedlars. This phenomenon is difficult to control both in the country and abroad.

Persons not considered to be unemployed include those who admittedly are out of job but collect the old-age pension, own a farm of over 1 hectare, pursue economic activities or are liable to social insurance by another virtue.

The unemployment benefit amounts to :

1) 70 per cent of wages during the first 3 months of unemployment ;

2) 50 per cent of wages during further 6 months, and

3) 40 per cent—on expiration of the period of 9 months of unemployment.

At the same time, the benefit cannot be lower than 95 per cent of the minimum wages nor exceed the average wages. Thus in September 1991, for example, the benefit could amount to 600,000—1,700,000 zlotys approximately (the average wages in Poland at that moment slightly exceeding 1,700,000 zlotys). Therefore, the amount of benefit to secure the unemployed person's maintenance depends both on his wages prior to dismissal and the length of the period of unemployment, and on the current average living standards of society as a whole. However, the above-mentioned system is in 1991 deemed to be too "generous" exceeding country's economic possibilities ; the amendment to the Law on employment discussed in 1991 in the Parliament has to reduce the amount of benefits.

Art. 16 of the Act on employment provides for the possibility of depriving a person of the right to unemployment benefit if that person refuses to accept two adequate jobs offered to him. one after the other within 30 days ; such person may only apply again for the benefit on expiration of the period of 30 days after the last offer. The right to benefit is also affected by a person's refusal to perform intervention works.

In the interpretation of the Act on employment, the notion "adequate job" means one that corresponds with the unemployed person's educational level, one in which that person has been trained or which he can perform after training or requalification ; the job also has to be adequate to the unemployed person's health, and the overall daily time

spent commuting to and from work by public transport cannot exceed 3 hours. While this interpretation of the "adequate Job" arouses no reservations, there are reasons to fear that, with deterioration of the situation on the Polish labour market, the range of such adequate jobs will be gradually extended to include jobs worse and worse from the viewpoint of kind and conditions of work : this would be tantamount to a negative adjustment of the criterion of adequacy to the situation on the labour market.[19]

It should be mentioned here that apart from the unemployment benefit, the set of benefits securing social protection to the unemployed in Poland includes also training benefits to the amount of 80—100 per cent of wages, as well as other benefits and allowances due in the period of requalification or training.

III. ASSISTANCE IN LOOKING FOR A JOB, ESTABLISHMENT OF NEW JOBS, ASSISTANCE IN STARTING INDIVIDUAL ECONOMIC ACTIVITY

The Act of 29 December, 1989 on employment established a network of local (provincial and district) agencies of State administration competent in matters of employment, the so-called "labour offices." The offices are submitted to the Minister of Labour and Social Policy. They perform current activities in the sphere of prevention of the negative effects of dismissals that affect the dismissed employees ; in particular, they search out the adequate jobs, retrain and requalify the unemployed, and establish jobs for the disabled; they also perform free employment agency and occupational guidance.

Attached to the Minister of Labour and Social Policy, there is the Chief Board of Employment, an advisory agency in matters of employment. It is composed in equal parts of representatives : of the national trade unions, employees' organizations,[20] State administration agencies, and local governments. Provincial employment boards operate attached to provincial labour offices.

The Act also created the Labour Fund administered by the Minister of Labour and Social Matters and composed of the obligatory contributions and payments made by firms, grants from the central budget, and returns

[19] See M. Szylko-Skoczny, "Bezpieczeństwo socjalne bezrobotnych w świetle ustawy o zatrudnieniu" [Social Security of the Unemployed in the Light of the Act on Employment], *Polityka społeczna,* 7/1990.

[20] Late in 1989, the first Confederacy of Polish Employers in post-Communist Poland was created. The Law on Employer's Organizations has been adopted on May 23, 1991 *(Journal of Laws*, No. 55, item 235).

from its own economic activity. The means of the Labour Fund are allocated to cover the unemployment, training and other benefits, the costs of organization of the training or requalification of the unemployed, the costs of establishment of new jobs, and the costs of occupational guidance, and to other purposes related to the activities of labour offices.

Free employment agency services are rendered to all persons looking for a job, and also ten firms, basing on the principles of voluntary access, equality, and openness. Voluntary access means that both parties are free to use the agency services or not. Equality concerns equal treatment of all persons looking for a job irrespective of their nationality, political affiliation, sex, religion, etc. Openness means that all jobs offered of which the labour office have been notified should be made known to those looking for a job.

The labour offices keep registers of the unemployed. They also keep registers of free jobs which is not a complete one, though, as the Act does not oblige firms to notify the labour offices of all free positions. The possible introduction of this duty of firms is considered by way of amendment of the Act on employment.

The labour offices, using the means of the Labour Fund, grant loans to the amount of up to 20 times the average monthly wages. Such loans are granted to :

— firms, to cover the costs of organization of extra workplaces ; the loan is subject to extinction in 50 per cent provided an unemployed person is given a job for 24 months ;

— the unemployed persons for individual economic activity ; the loan is subject to extinction in 50 per cent provided the borrower pursues such activity for 24 months.

Irrespective of the loans from the Labour Fund, a variety of actions are undertaken to provide financial support to establishment of new jobs within the so-called “small business.” “Agencies for support of local initiatives” and banks of socio-economic initiatives are established which grant cheap credits to persons who start individual economic activity on their own account but do not meet the requirements of commercial banks and thus cannot get a credit from such banks. Apart from the credit assistance, the agencies also render advisory services and assistance in establishing firms.

Also the trade unions (the Labour Protection Offices of the separate regional branches of Solidarity, as well as the Clubs of the Unemployed organized by the National Alliance of Trade Unions) take up various forms of assistance to the unemployed in finding a job, requalifying, and starting individual economic activity.

Despite the variety of developing forms of soothing its effects, unemployment still remains one of the most serious socio-economic problems in Poland. It can be expected to be a permanent phenomenon, as in the developed market countries. The new social policy which is still in the making in Poland will aim at its minimizing and at limitation of its social effects.[21] The steps taken to this aim today, as well as proposals of further legislative changes, are but the beginning of a long and painful road.

[21] See ‘‘Assumptions of the Programme of Activities in the Sphere of Labour and Social Policy Until the Year 2000” worked out by the Ministry of Labour and Social Policy in July 1990.