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Pay disputes in public health sector escalate

In the summer of 2007, Poland has witnessed one of the biggest waves of social protests in healthcare in many years. Both doctors and nurses employed in public healthcare have clashed with the government over pay rises. The trade unions representing doctors are demanding a sectoral collective agreement providing for pay increases over the coming years. Nurses are also pushing for a substantial pay rise, with their protest action culminating in a demonstration lasting almost four weeks.

Economic context

Following Poland's accession to the EU in 2004, the country has experienced a long period of economic prosperity. For example, Poland's annual gross domestic product (GDP) growth rate reached almost 6% in 2006, while unemployment dropped from almost 20% in April 2004 to 13% in May 2007. Not surprisingly, the steady improvement in the country's economic situation has prompted a new wave of pay demands. Economic experts describe the employees' pay demands as legitimate, pointing to the fact that in the years prior to the current phase of economic growth, labour productivity grew at a much faster pace than pay. This is reflected by a study by the Institute of Labour and Social Issues (Instytut Pracy i Spraw Socjalnych, [IPiSS](#)), which finds that labour productivity increased by 28.5%, while average pay levels rose by only 7.3% over the period 2001 to 2005. However, as long as unemployment levels remained high, employers were able to largely disregard workers' pay demands. Conversely, once the labour market situation began to improve, the capacity of the 'unemployment factor' to limit pay demands gradually diminished.

Meanwhile, the wave of migration from Poland to the 'older' EU countries has widened the gap in the country's domestic labour supply. With the growing shortages of skilled labour, employers have been forced to improve pay levels: as a result, pay levels in the private sector have been continuously rising. However, the situation differs significantly in the public sector. Given the poor shape of public finances – notably, the high levels of both the national budget deficit and public debt – public employers, particularly those involved in services of general interest, have a limited scope for addressing the pay demands of their employees. It was inevitable, therefore, that protests over inadequate pay levels among public sector workers – fuelled by the unavoidable comparisons being made with the rapid pay increases in the private sector – would eventually erupt.

Ongoing pay disputes in healthcare

In recent years, pay disputes in the healthcare sector have become commonplace. Each year, the government's management of the National Health Fund (Narodowy Fundusz Zdrowia, [NFZ](#)) has fuelled tensions among healthcare employees over inadequate financial expenditure on the public healthcare system in general and over insufficient pay levels in particular ([PL0602103F](#)). In April 2006, a nationwide protest in public healthcare was held, with the trade unions demanding an immediate 30% pay rise for the sector's employees and an

increase in healthcare expenditure from 4% to 6% of GDP ([PL0604039I](#), [PL0605039I](#)). While the first demand was eventually met in October 2006, the second was not. Although all of the parties involved agree that the level of healthcare expenditure should be increased, considerable differences exist regarding the funding of such increases. Furthermore, as the long-awaited reform of public finances has yet to be implemented, there appears to be a lack of political will to increase healthcare expenditure beyond the current budgetary constraints. (The reforms are aimed at reducing the public debt in line with the Maastricht criteria, which will allow for the subsequent introduction of the euro.)

Doctors launch nationwide strike

Earlier this year, doctors in Poland launched their protest action, demanding the introduction of minimum wage levels for public healthcare doctors: a minimum monthly wage level of PLN 5,000 (about €1,322 as of 6 August 2007) for junior doctors and of PLN 7,500 (around €1,982) for specialists. In a first step, in January 2007, trade unions at establishment level engaged in collective disputes with the management. As the hospitals' management insisted that they did not have the financial resources to meet these demands, the All-Poland Trade Union of Physicians (Ogólnopolski Związek Zawodowy Lekarzy, [OZZL](#)) requested that the Ministry of Health (Ministerstwo Zdrowia, [MZ](#)) devise a collective agreement for doctors employed in public healthcare. The central feature of this demand was the introduction of a mandatory minimum wage level. The trade unions held a two-hour warning strike on 10 May, followed by a general strike on 21 May, to lobby for their demands. However, MZ refused to accept the demands, pointing to a deficit of PLN 40 million (about €10.6 million) in the national healthcare system. As a result, the protest action, which had initially consisted of rather mild measures such as placing posters and flags around hospital facilities, wearing arm-bands and holding sit-in protests inside buildings, soon developed into a more widespread strike comprising drastic measures such as hunger strikes and refusing to perform certain duties; in some cases, this required the relocation of patients to other hospitals.

MZ proposal rejected

Altogether, MZ reported that staff in over 200 out of a total of 700 hospitals in Poland went on strike across the country. In the course of the negotiations, the ministry declared that a sum of PLN 6 million (around €1.6 million) would be allocated for pay increases in 2008, an offer which was considered wholly unsatisfactory by the protesting doctors. Moreover, MZ insisted that the only feasible long-term strategy to meet the financial expectations of public healthcare workers would be to rely on an increase in the mandatory healthcare contribution, which currently amounts to 9% of gross remuneration.

Radical health insurance reform proposed

OZZL counteracted this statement by officially presenting a more radical position on healthcare insurance reform. This included replacing the NFZ with a pluralistic health insurance system, based on competition among independent insurance companies, whereby all citizens could be insured by the government using funds from personal income tax (PIT) revenue; it would also involve the complex privatisation of healthcare facilities. The OZZL proposal was immediately slammed by the government, which described the plan as unrealistic and incompatible with the European tradition of healthcare insurance.

Strike action escalates

As of late July 2007, the doctors' protest has continued, with the leaders of the protest more recently urging their fellow doctors to take extreme measures by submitting their resignation. If these resignations come into effect, following a three-month notice period which applies to the regular employment contract for a public healthcare doctor, a wave of bankruptcies and the closure of public hospitals could become a possible scenario.

Nurses fight for pay increase

From mid-June 2007, the trade unions representing nurses also stepped up their action in demand of pay increases. On 19 June, the All-Poland Trade Union of Nurses and Obstetricians (Ogólnopolski Związek Zawodowy Pielęgniarek i Położnych, [OZZPiP](#)), affiliated to the Trade Unions Forum (Forum Związków Zawodowych, [FZZ](#)), held a demonstration in front of the Prime Minister's chancellery in Warsaw. During the event, four nurses' representatives – including the Chair of OZZPiP, Dorota Gardias – entered the building and requested a meeting with the Prime Minister, Jarosław Kaczyński, so that they could communicate their demands in person. As their request was rejected, the four women launched a sit-in protest inside the chancellery, which lasted eight days.

'White Village' protest

A large number of the protesting nurses also decided to remain on site, giving rise to the so-called 'White Village' protest at Łazienki Park next to the occupied building. Several hundred protesters took part in the demonstration, camping on site for almost four weeks. The 'White Village' protest soon attracted widespread media and public attention. The nurses were joined by miners who are members of the August '80 Free Trade Union (Wolny Związek Zawodowy 'Sierpień 80', [WZZ Sierpień 80](#)) and who assumed guard duties at the camp. Leaders of the protest eventually entered into negotiations with MZ. While the ministry expressed its understanding of the protesting nurses' demands, it refused to bow to their requests, claiming that it did not have the financial means to meet their claims under the 2007 national budget. The government briefly considered the nurses' proposal to channel 40% of the NFZ's financial resources – the equivalent of PLN 1.2 billion (about €317 million) – to increase the remuneration of public healthcare personnel, and to assign 80% of that amount specifically for nurses' pay. However, the proposal did not receive the support of trade unions representing other staff in public healthcare facilities.

Talks end in deadlock

The government's final offer amounted to a re-enactment of last year's 30% pay increase, to take effect in 2008. However, as the nurses maintained their original position, the talks ended in deadlock. As mid-July marked the beginning of the parliamentary holiday period, which lasts six weeks, no significant decisions could be taken; therefore, the protesters decided to end their action for the interim period. However, the major trade unions in healthcare have announced plans for further protest action, due to take place in Warsaw on 19 September. The government, for its part, has guaranteed that it will try to seek a solution that will be satisfactory for all parties involved.

Commentary

In the course of the protests, which have already spanned several weeks, both the protesters and the government have largely maintained their opposing positions. As a result, no sign of

any enduring compromise appears to be in sight at present. While the protesters' demands have met with the understanding of the vast majority of society, it is also widely acknowledged that sufficient funding is not available to satisfy these demands in the current year. Moreover, certain radical actions which have been deemed as being potentially harmful to the well-being of patients have been criticised as unacceptable. As plans for further protest action are underway for the autumn of 2007, the possibility of a resolution and of finding a common ground for all of the parties concerned seems to be a long way off. In order to satisfy the healthcare workers' pay demands, and to avert a general breakdown of the public healthcare system, a major restructuring programme seems inevitable; if implemented, such reforms are likely to trigger a new wave of social turmoil in Poland's public healthcare sector.

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