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*A social deficit.
Poland in the face of developmental challenges
in the 2010s*

Summary

The aim of this article is to answer the question of what fundamental modernization and developmental challenges Poland currently faces. The author argues that the developmental model that has been in place in Poland for the last 25 years — and generally worked quite well, which is evidenced by many major achievements and several economic and social indices — is just exhausting its potential. Simultaneously, we are observing intensification and aggravation of several problems — either as yet unresolved or new ones — which jointly constitute something we may call a **social deficit**. The main message of the paper can be summarized in a nutshell as a thesis that under current situation and circumstances, it becomes necessary to proceed to new generation of competitiveness, launch different developmental levers, which — speaking in most general terms — are to be found mainly in the social realm.

The article consists of three parts. The first one is dedicated to the characteristics of strengths and weaknesses of Polish modernization after 1989 against the background of the situation in other CEE countries. The second one defines five key developmental challenges currently faced by Poland. The third part predominantly features the fundamental difference between the previous, **post-transformational** developmental policy and the new, **pro-innovative** modernization strategy, which places social policy in the very centre of its focus.

Key words: Poland, modernisation, social deficit, development challenges

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Introduction

Similarly to other CEE countries, after 1989, Poland was an area of profound and multi-dimensional modernization changes. In its broader definition, **modernization** can be understood as the process of transition from underdeveloped (less developed) countries into developed (more developed) ones (Morawski 2010, p. 18). More specifically, it can be viewed as a process of overcoming civilizational backwardness, catching up with the West, which still remains — for many people worldwide, not only in Poland and countries in its immediate neighbourhood — the archetype of broadly understood modernity. Leaving aside the classic, much narrower and more precise definitions of modernization (Max Weber's or Emil Durkheim's), let us adopt the possibly broadest, even vernacular, understanding of the phenomenon as a process of positive mental and institutional change in response to the constantly emerging new social, economic and technological challenges.

Taking this assumption as the starting point, the article attempts to find answers to the question of what fundamental modernization and developmental challenges Poland currently faces. The author will try to argue that the developmental model that has been in place in Poland for the last 25 years, and generally worked quite well, which is evidenced by many major achievements and several economic and social indices, is just exhausting its potential. In other words, the sources of the previous modernization successes seem to be drying out. Simple assets and the competitive advantages of Polish economy are near their end, if not almost completely used up. At the same time, we are observing the intensification and aggravation of several problems — either unresolved so far or new ones — which are becoming an increasingly relevant developmental barrier. There is an increasingly marked presence of what we may call a **social deficit**.

The main message of the article can be summarized in a nutshell as a thesis that in the current situation and circumstances, it becomes necessary to proceed to a new generation of competitiveness and launch different developmental leverages, which — speaking in the most general terms — are to be found mainly in the social realm. According to the author, the widely understood social policy is the fundamental developmental reserve for Poland today and in the coming years. This is where we should look for the fundamental but presently dormant, frozen resources and modernization potential. It is in the extensive area of interests of social policy that we can look for and find the main inhibitors hampering civilizational progress to Poles today.

To begin with, we will ponder briefly on the strengths and weaknesses of Polish modernization after 1989 against the background of the situation development in other CEE countries. Then, we will define a few key developmental challenges currently faced by the Polish society and state today and in the perspective of the coming decade. The third part of the paper will focus on differences between the previous, in today's conditions increasingly anachronistic, **post-transformational** developmental policy and the new, **pro-innovative** modernization strategy, which places social policy at the very centre of its focus.

I. The balance of the quarter century of Polish modernisation: pros and cons

The period after the fall of communism in 1989 brought to Poland clear, at times spectacular, progress in many spheres of social life. Tangible evidence of such development is comprised by various measures of economic and welfare growth, including those related to the rate of catching up with the best-developed West European states. The latter element is of fundamental relevance from the viewpoint of aforementioned modernization criterion (“catching up with the West”). The scale of positive changes that have taken place in Poland in the recent quarter century and which was greatly accelerated by accession to the European Union in 2004, exceeds what in many Western European countries had taken many decades. There has been a significant growth not only of objectively measured level of living standards (apart from average life span becoming a few years longer), but also of indices of subjective well-being, satisfaction and happiness in life. According to the latest report of the Social Diagnosis project published in September 2015, the sense of happiness among Poles has risen when compared to previous years — from 53 in 1993 and 69 in 2000 to more than 81 percent of respondents in 2015 defined themselves as happy².

The developmental gap separating Poland from better developed Western European states as measured by differences between GDPs per capita has significantly narrowed. Only a few times in history has this gap been as small as today, i.e. to the GDP approached half that level. Historians estimate that back in the 16th century, under Jagiellonian rule, this proportion was probably approximately 60 percent. The swift progress in this regard in recent period can be best illustrated by the fact that while in 1989 this indicator in Poland amounted to 36 percent of the value for Germany, in 2013 it had already reached 53 percent³. According to Eurostat data, in 2014 the Polish GDP per capita reached the level of almost 70 percent of the average GDP per capita of all 28 member states of the European Union. To avoid falling into the trap of excessive complacency, it is worthwhile to remember that from the viewpoint of measuring affluence so, Poland is still only fifth but last on the list of EU members. As an example, Portugal, which acceded to the European Economic Community in 1986, was at that time separated from average GDP per capita in the said group by the same gap as Poland is today.

Simultaneously, it cannot be denied that if compared to neighbours from the post-communist part of the European Union, Poland has made the biggest economic leap and the most significant progress in many other areas. In 1989, it was the poorest country in the region; presently, in terms of GDP per capita, it has overtaken a few of its previously more affluent neighbours from the former socialist bloc. According to Eurostat estimates,

² This research project investigates objective and subjective quality of life in Poland every few years. See more on this at: www.diagnoza.com.

³ The statistical data quoted in the paper are calculations publicly available, also in online sources, sourced mainly from Eurostat, OECD and the Polish Central Statistical Office (GUS). Several comparative datasets are quoted after the Polish Ministry of Foreign Affairs report (2014).

in 1989, the GDP per capita in Poland corresponded to 33 percent of average GDP per capita in the EU, in 2004 — 51 percent, and in 2012 — already to 67 percent. For the sake of comparison, in the Czech Republic, for example, those indicators in aforementioned years amounted to — 60, 78 and 81 percent, respectively, in Hungary — to 46, 63 and 67 percent, in Romania, to 35, 34 and 51 percent, and in Bulgaria, to 37, 35 and 47 percent. One of the conclusions is that, at the exit from communism, Hungarians were much more affluent than Poles as a nation, three years ago the affluence level of an average citizen became equal in both countries, and at present, it is already higher in Poland.

The economic success of Polish modernization against the background of CEE countries can be also evidenced by the fact that from 1989 to 2012, Poland had the highest GDP growth indicator, amounting to 203 percent. In this regard, Slovakia came second (172 percent) followed by Estonia (144), Slovenia (142) and the Czech Republic (140). Across the recent two decades, Poland has not recorded even a single year of recession, neither during the financial and economic crisis of 2008, which was unique across the entire European Union. Within the group of post-communist countries, even Slovenia — the richest state in the group, relatively — has recently experienced serious banking and financial troubles, the resolution of which required international aid. The economic collapse of 2008 affected three Baltic states (Lithuania, Latvia, Estonia), previously treated by many economists and experts as models of economic transformation and over a longer time, developing at impressive rate, very seriously. Today, they are recovering to previous vigour).

Relatively the poorest performances against this regional background are given by Bulgaria and Romania. Not only did those countries start their road to transformation in 1989 from a very low developmental level, but in the 1990s, they also maintained a reform pace much slower than Poland, which was greatly contributed to by resistance of powerful interest groups threatened by market transformation and post-communist parties longer remaining in power. Those two poorest European Union countries of today do not only stand out owing to poorer economic results, but were also often criticized for deficient democracy standards and serious corruption. Furthermore, privatization, deregulation, liberalization of economic turnover (including the international one), demonopolization, etc., did gradually take place in the two countries, thus, generally speaking, all post-communist countries embarked on a similar socio-economic transformation path, only they proceeded at various speeds.

On this basis one could conclude that the economic shock or “cold turkey” therapy at the turn of the 1980s and 1990s distinguishing Poland, implemented in accordance with the programme known under the name of the Balcerowicz Plan (after the name of the then Deputy Prime Minister and Minister of Finance), by account balance benefited Poles. The road of fast pro-market modernization taken by Poland secured a greater dynamics of change, particularly those for the better, bringing the country out of economic disaster and putting it firmly on a stable growth path⁴. Arguments abound in support of a thesis that —

⁴ In the recent 20 years Poland has maintained an average annual GDP growth rate over 4 percent, although a declining trend has to be pointed out.

despite all shortcomings and social costs particularly in the first phase of violent changes — all in all, this development strategy has proven effective and beneficial in the long run.

Yet, this is not the only interpretation of the balance and aggregate assessment of the achievements of Polish modernization present in domestic public and scientific discourse. Both critically inclined analysts and politicians and ordinary citizens dissatisfied with changes, frustrated by inability to fulfil their life and career aspirations, abound. Some even think that our country is presently on the verge of national, moral and economic collapse. In its extreme, harshest interpretations, usually motivated and fuelled by inter-party fighting, anything that happened in Poland post-1989 was a long chain of acts of political treason (initiated by alleged conspiracy of the post-Solidarity elite at the Round Table in the same year), economic downfalls, social exclusions and disasters. Those were the times of the old nomenclature and special services stealing away national property by mythical “arrangement”, new cliques and foreign capital. In that period, the national and state sovereignty was allegedly destroyed and transferred to neighbouring powers (a thesis that Poland became a “German-Russian condominium”) and hostile supranational structures, such as the European Union or transnational corporations. The ruling elites allegedly serve foreign forces, steal and sell national assets for peanuts, continuously lie, forge election results, etc. A prominent place in this bleak narration permeated with intelligence elements is occupied by conspiracy theories, which, for example, view the Smoleńsk plane crash of 2010, in which, among others, President Lech Kaczyński was killed, as an act of assassination organized jointly by the then Polish Prime Minister and Russian President.

Less radical, or more nuanced, assessments stress that if 25 years of transformation can be identified with the enormous individual successes of Poles, at the same time they marked a significant failure of Poland as a society and state. Civilizational advancement experienced by certain individuals — as producers, consumers and citizens — did not adequately translate into power, efficiency, effectiveness and fairness of the entire state organism. Polish social psychologist Janusz Czapiński uses in this context the graphic term of “**molecular development**”, which is supposed to indicate that the participants and beneficiaries of modernizations are mainly individuals-molecules and not the entire society as such (Czapiński 2009, p. 279).

Many commentators, experts and researchers link this situation to the excessive, even downright pathological individualism of Poles, for whom personal aspirations and successes are much more important than joint ones. According to the same opinion, Poles cope quite well as individuals, assuming responsibility for things close to them, but as an entire society and state, they fare much worse. They usually take good care of their immediate surroundings, but care much less for the wider community. Extremely important to our compatriots are their families⁵, narrow clans of friends and partners in doing business,

⁵ According to the CBOS survey performed in February 2014, 97 percent of Poles declare trust in the nuclear family. Asked if strangers can be trusted, 75 percent of the respondents answers negatively, with the share of extremely distrustful persons rising from 19 to 25 percent compared to the previous year.

while the common good, interests and public affairs always remain marginal. This brings to mind the findings of American social anthropologist Edward Banfield, who, having once studied the cultural determinants of underdevelopment of southern Italy, called this unsound favouring of narrow, family-based and particularist communities and interest, an “**amoral familism**”. He wrote that amoral familism is a good base for development of nepotism, various types of clientelism or even mafia arrangements (Banfield 1958).

However, in account balances of Poland’s last 25 years, the social aspect of transformation is assessed as much worse than the purely economic one. The most frequently quoted bleak aspects include: dramatic shocks on the labour market caused by restructuring, collapse of certain national economy sectors and premature deindustrialization, still relatively high unemployment rate (although optimists will point out that already for some time now, it has been kept at average EU levels), deepening wealth and financial inequalities, deficiency of public sector and social services (e.g. health care service), inefficiency of administration and judicature, poor quality of political life, etc. Clear deficiencies and neglects are visible in the area of social relations and collaborative governance. The shared life quality is still low, the level of social capital, mutual trust and trust towards state institutions has not improved, civic society is rather weak.

Consequently, in Poland we are dealing with peculiar **development asymmetry** — and at least a double one, if we take into account, on the one hand, two dimensions: the individual and collective one, and two aspects: the economic and social one — which many observers consider to be an increasingly serious barrier to further modernization of the country. Today, the imbalance between decent economic growth or more broadly — the “hard” economic modernisation on the one hand, and the quality of collective life — i.e. “soft” social modernization, leaving much to be desired — on the other seems increasingly worrying and anachronistic. What is more, it seems impossible to continue the former in the long run without clear progress in the latter, i.e., without proper mental and cultural changes in the ways of thinking and acting, in human attitudes and behaviours, in the design of the law and social order. Those are the main areas in Poland where, according to many observers and scholars, the inhibitors in place that hamper comprehensive progress need to be removed and eliminated. For example, the central thesis of the report prepared by the Future Studies Committee “Poland 2000 Plus” is that “the economic growth observed in Poland over the past two decades has not been accompanied to a comparable degree by the advancement of societal and civilizational progress” (Kleiber et al. 2011, pp. 7–8).

If we are to show at the end of this part of the paper a single, relevant and expressive example of the indicated social deficit, it can be illustrated symbolically by one specific modernization project, namely, the construction of the ring-road around Wrocław, the capital of the Lower Silesia region. It took 17 years from the start of the investment to its full completion (between 1994–2011), with proper construction works lasting only three years. Before that, it took five years to reach a decision on the investment’s location, another five years to combat the protests of local residents against building the road, and finally, another four years to select the contractor. This means that the construction

of the road went through the total of 14 years of social, legal and political “pains”. One could say that the entire undertaking eventually proved to be a technological success but simultaneously, a symptomatic failure of organizations, legal system and social communication.

This modest practical example demonstrates at the same time that holistic civilizational progress is not determined solely by economic successes and material (financial, technological, infrastructural) leaps. We may not and must not lose sight of the other, non-economic and qualitative criteria that should be taken into account by a holistic assessment of developmental processes. A contradicting view on the topic can be perceived as one-sided and — as a matter of fact — technocratic.

II. Five key social challenges

Today, the most frequently quoted social problems to be resolved, the biggest ailments and “bottlenecks” hampering development, and at the same time, questions requiring urgent answers, include — among others — the following issues:

- how to stop the expected **depopulation and ageing** of the Polish society?
- how to stop **emigration** of young Poles?
- how to increase **employment** rate and improve its security?
- how to reverse the trend of widening financial and social **disproportions**?
- how to improve the indicators of social **mobility** and clear **promotion** channels?
- how to improve inadequate **innovation in** economy and society?
- how invigorate **civic activity** and improve the efficiency of the **state**?

Let us now have a closer look at some of them, namely the five key developmental challenges currently faced by Poland.

1. **Demographic collapse.** Fewer and fewer children are born in Poland; the fertility rate at the level of 1.3 is among the lowest in the EU. After a short break (years 2006–2012), the birth rate is negative again. According to the forecasts of the Central Statistical Office (GUS), the population of Poland will be gradually declining in the coming decades; from the present 37.3 million, it will go down below 34 million in 2050. Moreover, the society will be ageing faster and faster. All those elements give rise to demand for pursuance of an active, comprehensive pro-family policy, restoring positive population growth — although it is worthwhile remembering that procreative decisions are extremely complex, have many determinants and actions of the state do not have a straightforward, direct impact on fertility rate.

The situation is quite similar with regards to emigration, which rose dramatically after accession to the EU. If — according to the GUS — in 2002, approximately 780 thousand Poles stayed abroad for more than three months, then in 2014 there were 2.32 million of them, and within the territory of the European Union alone, the number of Polish migrants amounts — according to various calculations from 2013 — to between 1.72 million (GUS) and 1.88 million (Eurostat). After 2004, the greatest number of people left for the United Kingdom (685 thousand at present), Germany (614 thousand), Ireland

(113 thousand), and the Netherlands (109 thousand). Regardless of certain tangible benefits related to employment migration, particularly the temporary one (within the recent decade, according to calculations of the National Bank of Poland (NBP), Polish migrants remitted to Poland approximately EUR 32 billion of earned remuneration), it brings several problems and even obvious negative outcomes (Anioł 2014). Stopping the departure of so many Poles, particularly young ones, who find more attractive conditions to live, work and start a family in the West is not an easy task, but a long-term policy of the state authorities in various areas of social policy could help a lot in this respect. Besides employment and higher salaries, Polish emigrants in the United Kingdom, Germany, or Norway, value better quality of living in those countries, i.e. better kindergartens, hospitals, public transportation systems, social benefits and services, more efficient public offices and civil servants etc. particularly high. At the same time, one must be aware that a fundamental improvement of domestic situation in those areas, regardless of the desirable state efforts, will require a more profound social and cultural change. It is about restoring splendour to such values as common good, community, equality, solidarity, mutual trust, cooperation, shared responsibility etc.

In the face of the depopulation threat, it will be also most likely necessary to formulate and implement a well-thought-out immigration policy, attracting talented foreigners, e.g. students, highly-skilled staff, outstanding researchers to Poland, (Duszczyk and Matuszczyk 2014). A separate issue are the necessary adjustments in health, pension or municipal policies to swift society ageing.

2. Uncertainty of work. Besides high **unemployment** (approximately 10 percent) and employment rate under the EU average (approximately 65 percent), serious uncertainty of work is a significant problem, manifested among others in high popularity of so-called **junk jobs and employment agreements**. According to the OECD data of 2014, among all 34 studied countries, the biggest percentage of people in temporary employment can be found in Poland: 28.4 percent, and as much as 71.2 percent of working people aged 15–24 are employed on temporary contracts, while in EU countries those indicators are twice as low on average.

Uncertain labour market situation and its excessive flexibility, the fact that some employees are pushed into the self-employment sector, growth of the grey economy and the fact that many employees are hired under hardly transparent rules and mechanisms, foul local arrangements, frequently through the chain of personal contacts — all those elements aggravate uncertainty of fate, living situation, including incomes and financial conditions (Bednarski and Frieske 2012). Those processes are enhanced by advancing marketization and commercialization of social services, including health care, education and housing. Poles increasingly use paid medical treatment and pay for studies and school, while cooperative, municipal and social housing construction is in regress. On top of that, the dual education system that emerged within the two recent decades (public and private sectors) largely missed the needs of the current labour market.

Dualism of the labour market (breakdown into people with full-time jobs and those hired for a definite time, including on the basis of civil law contracts) is accompanied by

increasing **financial disproportions** and **social stratification**, as well as territorially. Here, a division into Poland A and Poland B is maintained, roughly along the line of the Vistula River. Moreover, the gap is widening not only between the eastern and western regions of the country, but also between large urban development centres, which are transforming into peculiar “islands of modernity”, and backward-looking, developmentally retarded provincial Poland. The share of both public and social spending in Polish GDP, negatively departing from EU average, is not conducive for bridging the aforementioned gaps.

Precarization, or an increase of social uncertainty and the feeling of lack of security, not only in the labour market, has multiple negative consequences. It suffocates initiative, weakens trust, the willingness to cooperate and social cohesion, deepens fears, frustrations, complexes and intolerance, releases hostility and aggression, reduces hope and faith in the future. In Poland, sociologists record the weakening of family, neighbourhood and environmental ties. The community deficit is more and more prominent. Many people have a growing feeling of solitude, isolation, estrangement, and exclusion. For some observers, the regular growth of the suicide rate in Poland within the recent decade seems highly symptomatic.

The awareness that overuse of junk jobs in the domestic labour market should be reduced becomes universal. This entails the postulate for general salary rises, which still remain at a relatively low level against the European background. In this context, it is important to recall that in the years 1999–2014, the share of salaries in GDP dropped from 58 to 46 percent, while their rise should at least correspond to labour efficiency growth. However, according to some economists it would be presently justified if this rise was a step ahead of the rise in salaries, thus encouraging both employers and employees to proceed onto a higher level of production efficiency. On the other hand, here one should be prudent and cautious to prevent development of a “Greek scenario”, where, among other factors, uncontrolled salary growth led to dramatic increases in companies’ debt and the deepening of public debt⁶.

3. Poor innovation of the economy and society. In the Innovation Union Scoreboard of 2014, Poland occupies one of the last places just ahead of Romania, Bulgaria and Latvia (European Commission 2014). In terms of detailed indicators such as evaluation of research systems or “linkages & entrepreneurship”, Poland was rated even second but last, overtaking only Bulgaria in the former case and Latvia in the latter.

The issues of innovation and knowledge, including distribution of access to the latter are currently issues central from the viewpoint of — both economic and social — developmental prospects (including the issues of emancipation through education). One could state that Poland built the foundations for **knowledge-based society**, which can be evidenced by the fact that already approximately half of young Poles study at tertiary education facilities, but a **knowledge-based economy**, where young university graduates

⁶ Within a decade before the crisis of 2008, nominal salaries in Greece increased by 130 percent while in Germany, by mere 30 percent, accompanied by inflation and labor efficiency growth rates comparable in both countries in the said period.

could find employment consistent with their education background and aspirations, has not yet been created.

It is pointed out that one of the main reasons underlying poor innovation level is the underinvestment in science and applied research. Polish outlay on R&D increased in the period 2007–2012 on average by almost 13 percent annually, but they still correspond to a mere 0.77 percent of GDP, while the EU average is 2.03 percent, and in many countries it is much higher, e.g. in Finland — almost 4 percent. But the issue at hand is not only about the purely quantitative aspect of financing, but also about systemic frameworks and deficiencies. Venture capital funds supporting risky innovative ventures are very modest in Poland with banks being passive in this area. There is no effective system of tax exemptions for companies investing in R&D, nor of government grants for so-called pre-competitive activities of enterprises. In a wider perspective, Poland lacks a modern national innovation system, i.e. a system of interlinked institutions, which in other developed countries effectively “transpose” the effects of researchers’ work into new technologies for companies.

Cooperation between universities and business is particularly weak. Higher education in Poland today includes mostly schools and occupational training, whereas it should concentrate more on research and universities, which are also capable of playing an important role in the development of modern technologies, fulfilling the function of start-up incubators. The Polish universities of today are diploma-producing factories and conglomerates of mass occupational education rather than excellence centres shaping top class knowledge and culture, ones also capable of educating humanists to the highest levels, who cannot be substituted by managers, bankers or engineers, no matter how talented and well-educated, even if the best in class.

Therefore, rounding development on a much higher degree on innovation and modern technologies requires not only proper reallocation of resources, redirection of major financing to those targets, for example from subsidies to ineffective economy sectors, but also proper industrial, scientific, educational policies. Here, it is highly desirable, among others, to eliminate the present gaps in relevant legal regulations, e.g. ones relating to ownership rights to invented technologies. In the opinion of experts, factors such as acts concerning public procurement, public-private partnership or offset schemes presently do not have an adequately pro-innovation character. A separate issue is the necessity to stimulate social innovation at various levels of public life, the creative approach of people and institutions to resolution of various social problems.

4. Underdevelopment of civic society. A tangible indicator of this deficit can be the fact that only approximately 12 percent of Poles are active in any **non-governmental organization**, while e.g. in Scandinavian countries such activity is pursued by as many as approximately 80 percent of citizens. A similarly low percentage of Poles today are members of trade unions (for the sake of comparison, in Ireland, this percentage amounts to 45 percent, in Sweden — 71 percent and Iceland — 85 percent, while back in the early 1990s, such membership was declared by 26 percent of working Poles. **Election turnout** in Poland rarely exceeds 50 percent. For example, in the latest parliamentary elections in October 2015, it did not exceed 51 percent. In the last elections for the European

Parliament in May 2014, it reached the level of a mere 24 percent. Across the entire Union, it was only lower in the Czech Republic (20 percent) and in Slovakia (13 percent), whereas the average value for all member states was 43 percent (the highest participation rate of 90 percent was recorded in Belgium, where voting is obligatory). The quality of Polish **public debate**, political and intellectual one, is generally low, with such major contributing factors as tabloidization of the media, the weakness of the still-too-few think tanks and the inadequate activity of scientific communities in this regard.

Poor **citizen empowerment** is caused on the one hand by an insufficiently active society which marginalizes public affairs. Poles turn their back on the state, run away from it, which is sometimes termed “civic autarchy”. But on the other hand, those in power do not adequately support civic activities nor foster the development of a participatory democracy, among others through citizen budgets, empowerment of the recipients of social services, deliberative panels and other forms of social consultations. The authorities ignore those issues in the agendas of educational facilities, neglect public media. Poor **civic dialogue** today is frequently related to paternalistic approach of the state to citizens and NGOs, the inclination to lead them by the hand, disrespecting their independence and autonomy (Leś 2013). To the younger generation, for example, political communities do not offer any attractive formula for cooperation and involvement, with the notable exception of the radical nationalistic and catholic communities.

The social dialogue between employers and employees is also deficient. Since mid-2013, its main institution at the national level — the Tripartite Commission for Social and Economic Affairs — is virtually inoperational in practice. The statutory establishment of a new replacement structure, the Social Dialogue Council, gives hope for greater effectiveness of negotiations and agreements under a new organizational and competence formula. Nevertheless, the changes are also postulated at lower tiers of social dialogue, e.g., strengthening the position of trade unions through incorporation of their representatives into companies’ supervisory boards. Moreover, issues such as joint representation of multiple trade union organizations operating within a single enterprise (which now often assume multiple and contradicting positions on negotiated matters, which greatly hampers attainment of compromises), for example, need to be sorted out.

Generally speaking, not only at the level of enterprises, it seems justifiable and advisable, to faster depart in Poland from the so-called **feudal culture of management and governance**, inherited from both the distant and more recent past. Not only does its maintenance preclude the establishment of more equal and friendly relations between social partners, but also, on a broader scale of the entire state, it blocks initiatives and collaboration between various actors, fuels mutual distrust, hampers prudent reconciliation of various social rationales, needs and interest, or in other words — hampers fostering of a common good.

5. Poor state efficiency. In a nutshell, this concerns inadequate **quality of the state and its public policies**. Those weaknesses also concern the functioning of public administration, social services (particularly the most frequently criticized health care system), and judicature. The situation in this regard is not much helped by party dependency of the

civil service and officials of local governments. Administrative procedures are too slow and routinized, frequently accompanied by procrastination and poor creativity of politicians. They lack professional analytical backup, some sovereign strategic thought centre which would be capable of formulating independent, creative and original developmental policy, not limiting itself to merely reproducing EU priorities and guidelines.

Polish decision-making and opinion-forming circles still count many supporters of the minimalist thesis that the state could limit its functions to the role of a “night watchman”, taking care only of external security (the army) and internal one (the police, courts). The myth, and more widely the neoliberal narrative shared by them, asserts that by developing its activities in other areas, the state only intrudes, wastes money from taxes, and is indeed a redundant parasite (Anioł 2015a). Such clichéd, simplified approach fosters inactivity and escape of the public authorities from many significant tasks and obligations, also in the economic sphere, where it has much to do as its main regulator, supervisor, conflict moderator, promoter of changes and manager. Presently, neglect is visible in many of those fields, for example, when the state performs inadequate ownership supervision over public assets.

In social policy, the state escapes from the role of final social security guarantor for its citizens, neglects its obligations, e.g., as regards protection of working conditions or social insurance system. Certainly the state does not have to be the provider of all social services, but it also should not reject its public responsibilities in this realm. Today it frequently promotes the agenda (or rather anti-agenda) which can be summarized by the **slogan of “do it yourself”**, narrowing the mission of the authorities to a mere repetition of the appeals such as: let parents take care of the education of their children, let the unemployed start their own businesses, let everyone take care of health, retirement, and pension on their own etc. to its citizens. Without active interference and involvement of the state, no mature civil society can suddenly emerge, no human and social capital will develop on its own, no innovations in various fields of life will flourish.

Inefficient, neglected in many areas and hardly citizen-friendly, the Polish state requires modernization — debureaucratization, professionalization, better cooperation between public administration institutions, including cooperation between the central government and local governments. We need greater mutual trust and deformalization of contacts between public offices — citizens — entrepreneurs, more stable law (today it changes too frequently), improvement of the competencies of state civil servants, stricter observance by the latter of relevant standards, codes of ethics, etc.

III. Two developmental concepts: post-transformational and pro-innovative

All of the aforementioned challenges and the ensuing tasks and postulates place Poland in a new strategic situation. They are factors that prompt or even force transition to a new developmental model and stage. What would be this expected and highly probable transition from the existing to a new developmental concept? What would the main rationale of this transformation be manifested in?

In tune with the most popular recent interpretations, one could state that Poland is currently approaching a significant modernization barrier, typical for countries at a medium development level, which, after a period of accelerated growth, usually lose pace owing to the exhaustion of previous simple reserves, assets and competitive advantages. Generally speaking, it is easier for poorer countries to catch up with more affluent states with relatively simple actions, but once they attain a certain (average) developmental level, it becomes more difficult, “the hard part begins”, leaving them at the risk of slowdown or even regression. Under such circumstances, accession of these states to the a group of highly developed countries becomes difficult but not impossible. This, however, requires transiting to a new type of public policy, applying different tools and developmental leverages. On the other hand, this means that Poland is not necessarily destined to join the best developed counties. It all depends on whether we will respond to new issues and challenges on time and adequately, on how effectively we will face them.

The situation of Poland is nothing new or exceptional in the most recent social and economic history of the world. One of the papers of the World Bank about **the middle-income trap** (Im and Rotblatt 2013) indicated that from 1960 to 2008, only 13 countries managed to transit from middle to high development level; this mainly concerns East Asian states (Japan, South Korea, Taiwan, Hong-Kong, Singapore) and South European ones (Greece, Spain, Portugal). The development of other “middle performers” came to a halt, and some of them even experienced regression. Recently, this has concerned such countries as Brazil, South Africa or Russia, which lost impetus after a period of accelerated growth, falling into smaller of greater stagnation. Earlier, in the 1980s–1990s, a clear regression was experienced by, for example, Iran, which went down the “development ladder” from middle to lower level. Even earlier, in the 1950s, the Philippines experienced a similar step backwards. Let us add here that the 20th century also demonstrated that it is even possible to drop from the first league of the best developed states into the group of medium developed countries, which is best illustrated by Argentina, which was rated among the absolute top of the most affluent countries before WWII.

To better understand the essence of the discussed challenge and the desirable change in the Polish context, let us first briefly define the major features of the developmental model previously pursued in the country on the Vistula River and requiring verification today, and then we will synthetically characterize the new, and — it seems — better adjusted to current needs and conditions, developmental concept. Those two developmental philosophies are characterized by different priorities and advantages, they focus on different resources, give preference to different methods and tools in the developmental policy.

The first development concept can be named a **post-transformational one**, because genetically, it is closely related to the changes in the economic and political system in Poland at the turn of the 1980s and the 1990s (we are now leaving aside the issue of the change of the political system towards liberal parliamentary democracy). The said transformation translated into a restitution of capitalism, reconstruction of the market system, which took place under a huge pressure from extremely poor, even disastrous

economic situation in the decadent period of state socialism. This was a fundamental institutional change, consisting in establishing many previously non-existent institutions, introducing new rules of the game across the entire social and economic system.

One of the top developmental priorities was then the **accumulation of capital** required for investments, as it is difficult to image capitalism-building without capital. As there were no major domestic resources to rely on, it was acquired mainly, almost exclusively, from abroad. Not only does it explain the abundant incentives and methods to attract foreign investors to Poland, but also the steps beneficial for Polish entrepreneurs, including tax solutions such as virtually universal flat-rate tax scheme, advantageous regulations related to inheritance of property and donations, etc. Also from abroad, Poland imported modern technologies, new methods of production organization, management methods, often also highly-skilled managerial staff in the largest corporations. Slightly oversimplifying, one can even say that the main stress was put on the importance of (financial) **capital**, and that the role of this resource was absolutized, without ensuring proper appreciation of the other key factor of the production process, i.e. human labour. This naturally translated into underestimation and neglect of the human factor, and consequently of social policy.

Another major priority was to launch **individual resourcefulness and entrepreneurial spirit** — the features and attitudes scorned and contended within the old system, and now indispensable for effective functioning of the market system among Poles. This explains why stress was laid on importance of competitiveness, hard rivalry, frequently assuming the form of the “rat race” also in the areas more or less distant from pure economy. This also entailed discrediting the public sector, undermining its assets and denying its *raison d’être* even in social services, such as health care, housing or education. The thorough reforms of the polity and economic policy were not thus accompanied by equally fundamental and complementary changes in social policy. The actions undertaken in this realm were rather a kind of emergency social policy, with supportive role, providing just a safety net or a security blanket for the radical — and frequently painful for people — free market reforms. Only at the turn of the 20th and the 21st centuries, in view of the forthcoming Poland’s accession to the European Union, some more systemic and deeper changes in pension, health-care or education systems were initiated (Anioł 2004). However, Polish social policy still seems to be on the dualistic — both paternalistic and market-oriented — path it entered in the beginning of transformation in 1989 (Książopolski 2013; Żołądowski et al. 2015).

What were the consequences of such a development concept? It turned out that in practice, the main asset of Polish economy in the international market was **cost (price) competitiveness**, that is, a cheap and quite well-skilled labour force, receiving until today remuneration on average three-four times smaller than in Western Europe, particularly in Germany, a country of particular importance for Polish producers as a foreign investor and recipient of goods and services⁷. As a result of the full opening of the European market after the accession to the EU, the value of Polish export increased over twofold

⁷ In 2013, an average net salary in Poland expressed in EUR amounted to 29.8 percent of the average EU salary, corresponding to 24.6 percent of a German average salary and 21.7 percent of an average UK salary.

between 2004–2013, from EUR 66 to EUR 155 billion, including products worth EUR 114 billion that were sold to EU countries, out of which products sold to Germany were worth EUR 38 billion.

Poland became a significant beneficiary of outsourcing developed by Western company groups. It relied on copying the ideas, goods and services of others in a cheaper way, i.e., on competing mainly with the use of cheap labour force (relatively low salaries), and not with own productivity and innovation. Focusing on lower paid, less efficient and less advanced production sectors, it became a Polish speciality for example to assemble cars, household appliances and consumer electronics; produce food, construction goods, windows and furniture, provide book-keeping services and call centres for multinational companies. A notable fact in this context is that in the EU Poland is the biggest exporter of household appliances, such as washing machines, vacuum cleaners or fridges, while those products are sold under such brands as Bosch, Siemens, Samsung or LG. The country is the world's second biggest furniture supplier to Ikea, while Polish company Fakro is the second biggest global producer of roof windows. Poland is the European leader in, for example, descaling salmon, purchased by domestic enterprises among others in Norway, then sliced, packed and sent abroad again, etc.

One can say that having relatively cheap labour force with a quite good technical culture, the Polish economy is capable of decently processing metal, wood and alimentary goods into solid and sought-after products. It no longer produces only the proverbial wooden pallets, but also not yet state-of-the-art smartphones. Due to the fact that Poland has a subsidiary economy, Polish exports usually have little value added. This is because in the long production and distribution chain the least profitable is the middle element, i.e. assembly plants. Most money is made at the beginning and the end of the chain, i.e. on the one hand, on the concept, project, design, and on the other — on sales, marketing, advertising. Poland still lacks its own modern products under brands that are recognizable in Europe and globally, whose manufacturing and distribution would take place — also in the first and last link of the chain — with prevalent participation of and under dominant control by domestic entities.

Due to space constraints, here we will not consider the issue of whether the discussed developmental concept was a true “child of its times” and manifestation of the so-called “wisdom of the stage” and whether Poland was really condemned to it anyway and had no other alternative⁸. Perhaps there was an alternative to the development path adopted in the beginning of transformation and continued throughout the two following decades: taking better account of and appreciating to a greater degree the role of social factors in development. Or we can ask some other questions: notwithstanding all obvious achievements, could Poland's modernization process of the last 25 years have proceeded differently, even more successfully and effectively? Have all opportunities and chances been seized in the said period? Haven't there been too many mistakes, neglects, omissions, abuses on the assumed path? Without predetermining answers to similar questions here,

⁸ See also: (Anioł 2015b).

let us just say for now that following the same path, and adopting the same development philosophy currently seems more and more anachronistic and risky, threatening stagnation or even crisis in the nearest future.

Finally, let us proceed to a synthetic outline of the specifics of the second developmental concept, which one can term **pro-innovative**, because its allegedly central assumption is stimulation of social and economic innovation.

If the post-transformational model characterized above laid the main stress on quantitative, extensive, economic and “hard” aspects of development, then this model stresses the significance of its qualitative, intensive, social and “soft” factors. Under this concept the developmental priority is not just simple GDP growth, but a higher living quality (a “good life”), sustainable attainment of economic, social and ecological goals, similarly to how it is contained in the idea of sustainable development. This modernization philosophy is based on launching not simple but rather more complex reserves, in the Polish case going beyond three peculiar premiums or “rents” (of transformation, relative backwardness and EU financial support), which the Third Republic of Poland used in abundance in the last 25 years.

It is assumed that at the new developmental stage, the main asset of the economy is to be its **qualitative, technological competitiveness**. It is determined not by low labour costs, as in the post-transformational model, but first and foremost by more complex and more attractive products and services. Building a knowledge-based society and a knowledge-based economy assumes serious commitment to creation of high-quality human and social capital. To this end, we have to particularly invest in, symbolically speaking, grey matter, i.e., in the qualifications and competences of workers and citizens, and not just in grey concrete or cubature, i.e. in technical infrastructure.

Under this development concept, what truly matters are creative people with the skill to cooperate and work in a team, the ability to enter into dialogue, empathy and good communication with others. Here, the willingness to resolve conflicts amicably, high level of mutual trust, loyalty to each other, tolerance and kindness are highly valued. Compared to the previous developmental stage and model, here, the importance of “soft” resources and competences receives a huge boost, although one has to be aware that their generation takes a long time and does not bring about immediate material effects.

This concept is based on observations and conviction that in the long run, shaping a collaborative society leads to smaller disproportions and social divisions, a situation where there is more universal understanding and the feeling of common good, where there is a greater social solidarity and cohesion, where there is more social security. People who are safe, not divided and set at variance, are also more creative and innovative. Production and services based on complex technologies develop better in the countries where quality of human relations is better and social ties are stronger. To recapitulate, the pro-innovative developmental concept shifts its focus onto a different set of values, resources and priorities, with appropriately adjusted organizational patterns, regulations and institutions in place in the society.

Some hope that in Polish conditions, the above transformation would be significantly supported by a bottom-up, voluntary restoration of powerful civic and community ties, which characterized Polish society in the period of the first Solidarity movement (1980–81), and which greatly degraded after 1989 under the pressure of radical free market reforms and the related individualistic trends. However, at the same time, this hope can be treated both as a utopia and a chimera, if we take into account the exceptional nature of the aforementioned historical period, when almost the entire nation became “negatively” united in rebellion and resistance to non-democratic, authoritarian authorities.

A combination of bottom-up pressure on the renaissance of social capital with state initiative and activity based on long-term, well-thought-out and consistently deployed and — first and foremost — better adjusted to contemporary realities, development strategy seems thus rather more realistic and promising. Nobody and nothing can replace public authorities in the development and efficient implementation of modern social, family, employment, scientific, educational or industrial policies. They are the main elements capable of bringing Poles closer to resolving the aforementioned key problems and developmental challenges. A successful transition from a post-transformational to pro-innovative developmental concept in Poland depends mainly on the state, its structures and leaders.

Conclusion

One cannot negate today that the **balance** of 25 years of Polish modernization after the fall of communism looks highly successful in many aspects. Notwithstanding the fundamental internal causes underlying those successes, it is worthwhile pointing out the international situation around Poland, predominantly beneficial in the said period, which greatly facilitated those successes. Two processes are particularly worth mentioning in this context. Firstly, these are the fundamental geopolitical changes following the fall of communism in the CEE region and the collapse of the USSR, which enabled Poland’s re-accession to the Western world both in systemic terms and in terms of close relations with its main integration structures (the European Union, NATO, OECD, the Council of Europe), which was carried out under the popular slogan of “return to Europe” (Anioł et al. 1997). Second — the dynamic development of economic globalization, which by opening widely the foreign markets, also generated demand for Polish goods, services and labour force, successfully competing there with their relatively low price and decent quality

In both dimensions — geopolitical and geo-economic — the most recent trends introduce much more uncertainty and instability than before. A clear renewal of neo-imperial aspirations of Russia, with such spectacular manifestations as the annexation of the Crimea in 2014 and aggressive actions in Donbas targeted at destabilization of the situation in Ukraine, most likely ended the successful period for Poland in terms of the situation in its immediate, Eastern neighbourhood. Also in the second scope, the intensifying competition in the European and international market from the countries with low labour costs (not only those located in Asia) puts some new qualitative challenges before the Polish economy.

It seems that in order to leave some kind of strategic vacuum and development drift that Poland has been falling into for some time now (Geodecki et al. 2012), today, it would be most helpful to eliminate what has been defined here as a social deficit. This entails launching the so-called soft modernization drivers and leverages related to social capital, culture of cooperation and solidarity, communitarianism, feeling of empathy, spirit of equality, respect for diversity including multiculturalism and various minorities etc. Today, the deficit of similar non-economic values and resources is deeply felt in the Polish society. But without revitalizing them — i.e. without respect for common good, improvement of the ability to close various social divides and combine various skills and perspectives — the Poles will be unable to attain a higher level of social, economic and technological innovation. Without all those elements, there will be no new inventions or individual and social creativity. And without the latter, similarly to other European countries, it would be difficult for Poland to effectively meet major developmental challenges brought about by the second decade of the 21st century.

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