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AUTHORS: Hakan SAMUR

PAGES: 161-178

ORIGINAL PDF URL: <https://dergipark.org.tr/tr/download/article-file/30060>

DEVELOPMENT OF MARKET CULTURE IN THE POST-1989 PERIOD OF POLAND

Hakan SAMUR^(*)

Özet: 1989'dan itibaren özellikle Avrupa Birliği'nin rehber niteliğindeki normları ışığında hızlı bir siyasi ve ekonomik dönüşüm sürecine giren Polonya'da, bu sürecin ekonomi ayağı, piyasa mekanizmasına dayanan liberal bir yapının bütün yönleri ile yerleştirilmesine dayanır. Rejim değişikliğinden sonraki birkaç yıl içinde, gereken hukuki-kurumsal düzenlemeler neredeyse tamamlanmış ve Polonya piyasa ekonomisi olarak adlandırılmıştır. Ancak başka herhangi bir yapının olduğu gibi, piyasa ekonomisinin de gerçek anlamda yerleşebilmesi ve sağlıklı işleyebilmesi, hukuki-kurumsal çerçevenin ötesinde, bu ekonominin normatif değerlerinin ve davranış biçimlerinin (piyasa ekonomisi kültürü) bireyler tarafından benimsenmesini içselleştirilmesini gerektirir. Bu çalışma, Polonya'da, 1989 sonrası dönemde böyle bir normatif dönüşümün ne dereceye kadar başarılılabildiğini ortaya koymayı amaçlamaktadır.

Anahtar Kelimeler: Pazar Kültürü, Polonya, Donusum, Oryantasyon, Girişimcilik

Abstract: Since the overthrow of the Communist regime in 1989, Poland has been striving to transform her domestic structure especially in the light of the guiding norms of the EU. The economic dimension of this transformation process implies the construction of a liberal market economy in all senses. In several years after the regime change, almost all the necessary institutional-legal adjustments were completed and, from this procedural perspective, Poland was defined as a market economy. However, beyond this legal-institutional frame, the real construction of a market economy as of any other structure, necessitates the internalisation of normative values-behavioural rules of this economy (market economy culture) by individuals. This study aims to display to what extent such a normative transformation had been achieved in the post- 1989 period of Poland.

Keywords: Market Culture, Poland, Transformation, Orientation, Entrepreneurship

I. Introduction

As the main actors of social life, all members of society in the West are expected to play a dual role as burgher and citizen, that is homo economicus and homo politicus. (Agh, 1994: 108). Referring to Agh, also Everson (1995: 85) emphasises that the role of market citizen, as part of a citizen's broader role within a society, is derived from and recalls the functions of older concepts, namely burgher, bourgeois, or economic citizen, and is therefore expected to meet "the functional requirements of a community based upon a liberal market economy." She continues that, similarly, by acquiring EU citizenship, nationals

^(*)Dr.Dicle Üniversitesi Diyarbakır Meslek Yüksekokulu

of the member states is expected to fulfil “the legal and practical realisation of the internal market”. Indeed, the EU aims to vitalise market-oriented economic discourse at European level. That is to say marketisation is aimed to work at the supranational level and is an important dimension of European integration process.

On the other hand, after the sudden and unprecedented changes of late 1980s in the Communist bloc, the ex-communist countries of the Central and Eastern Europe emerged as the potential members of the EU, adopted the political and economic aims of the EU as a principal direction for themselves and, finally, became the member of the EU in 2004 (with the exception of Romania and Bulgaria for now). In this sense, the people of the Central and East European Countries (CEECs), too, are expected to possess the mentality of market economy and private ownership.

Market economy or marketisation is considered here not in terms of institutional-legal dimension but of in normative-habitual one that is to equip individuals with the behavioural rules of the game. Otherwise, an institutional-legal adjustment was accomplished in a very short time in all the CEECs. Marketisation in this study implies changing the mentalities, habits and activities of the masses to be consistent with these institutional-legal structures. Hence, in literature, while institutional-legal changes have been defined as transition, normative-habitual changes have been explained by the concept transformation that implies a whole altering of the political and economic culture of the subject countries (Linz and Stephan, 1996; Agh, 2001; Pridham, 2001).

Equipping people with the mentality of the market economy means more than a desire for prosperity and necessitates at least some entrepreneurial abilities (Brabant, 1992: 125). In other words, contrary to the previous period, new pragmatic values of ‘efficiency, success, competence, vibrancy, ability to take economic risks and the dignity of individual work’ would be the driving force behind economic activities (Kurczewska and Bojar, 1995: 163).

The aim of this study is to explore that to what extent a marketisation has been achieved in the post-1989 period of a CEEC, namely Poland. In the first section, statistical figures of private ownership and entrepreneurial development in the post-1989 period of the country will be displayed. Then, in the following section, normative assessment of this statistical development will be analysed to clarify the real picture of market development in Poland in terms of entrepreneurial skills and market orientation.

II. Creation of Private Ownership in Statistical Terms

Soon after the establishment of the first free elected government in Poland, a set of radical economic reforms (so-called shock therapy) was launched in January 1990 under the leadership of Leszek Balcerowicz. Regarding the devastated conditions of the economy i.e. hyperinflation,

shortages of basic goods and the burden of foreign debts, such a ‘shock therapy’ could be justified as the closest alternative to finding some urgent solutions. This first comprehensive set of economic reforms in the region was, indisputably, in pursuit of neo-liberal philosophy. Shock therapy launched and pursued without any strong counter idea and popular resistance because of the Solidarity governments’ credibility, which came from long-standing opposition to the communist regime, the general optimistic climate of the initial years and a long-awaited Western-type system. In addition, both the persistence and conditional support of Western institutions for the continuation of the economic programme confirmed the liberal market economy as a new economic pathway for Poland.

A report prepared for the World Bank, by 1994, seems to affirm that almost all the countries in the Central and East Europe (by the way, Poland) had liberalised their economic structures by at least 70 or 80 per cent, in terms of macroeconomic criteria or institutional changes (Fowkes, 1999: 131). In its 1997 Opinion on Poland’s application for EU membership and then in subsequent regular reports, the Commission of the EU also confirmed the depiction of Poland as a functioning market economy considering again institutional-legal changes.

However, not these procedural achievements but a real transformation in ownership structure and creating a proper societal base were the critical tasks on the way to market transformation. In spite of underscoring privatisation and ownership transformation as the most critical target to construct market identity, the Balcerowicz Plan did not give enough importance to this issue in practice (Fowkes, 1999). The following years also failed to rescue this issue from neglect and mishandling by politicians. There were two basic channels to be used by the state. The first was to transfer the state-owned enterprises (SOEs) to private hands. The second was to create new private enterprises.

To begin with the first, privatisation was really a critical and gigantic task for Poland. State-owned assets were occupying up to 90 per cent of the country’s economy and Western countries had spent many decades to resolve the problems emanating from the completion of this task i.e. power and income distribution, rights and duties (Pedersen, 1993: 40). In addition, Clague (1992) distinguishes between the significance of privatisation for the Western and Eastern economies. While in the former, the term implies changing the ownership of enterprises from state to private hands in an already existing market economy, in the latter, the issue is not only the change of ownership and some further implications but also changing the rules of the game for all actors.

As Fowkes (1999: 115) summarised, in the vanguard of Janusz Lewandowski, the minister of Ownership Transformation, a ‘mass privatisation’ programme was declared in June 1991, which was aiming to sell 400 large firms having a share of 25 per cent in total industrial output. According to the plan, 10 per cent of these firms would be sold to the workers of the firms and 30

per cent would be retained by the state. The rest would be distributed to the public freely through some investment funds. However, due to various financial and specifically political hindrances, the Plan was able to be approved in Parliament in April 1993 but only commenced as late as November 1995 with the subtraction of free transfer to the public. During these years, a sort of 'pseudo-privatisation' through liquidation was pursued by selling the shares of firms to those holding at least 30 per cent of the firm's debt.

The state-owned enterprises (SOEs) to be privatised were basically classified into two groups. Depending upon the definition of the size of enterprises as small, medium or large, the numbers of entities in each group vary according to different sources. If we take into account the World Bank figures (Nellis, 2002; also Johnson and Loveman, 1995), the number of medium and large-sized enterprises comprises 8,400 SOEs, representing 90 per cent of output and 80 per cent of employment. The main discussion of privatisation has centred on this group of enterprises since the selling of small enterprises was an easy and quick process, 82 per cent (194,000 units) of them having been transferred to private hands by the end of 1992.

Regarding the former group of SOEs, during the transformation process, various methods and legal actions were tried and, by the end of 1996, about 1,898 of the 8,400 SOEs, that is 22 per cent, were privatised (Nellis, 2002: 15) and in the year 2001, there were still 3,073 in which the state retained ownership, majority interest or controlling right (OECD, 2002: 106). The ownership of these assets was predominantly handed to foreigners at really discounted prices. Poznanski (2001: 331) estimates that the amount of money, 28 billion US dollars, gained from the selling of SOEs in the banking and industrial sectors (1), the main areas where the majority of deals have taken place was even less than one fifth of GNP. Whether this calculation is true or not, it is obvious that the privatisation of these medium and large SOEs was achieved by incredibly low prices and also foreign capital.

The second source for private market agents was the creation of new enterprises. In fact, this was not a new source but the continuation of the increasing tendency during the 1980s. When the economic reform efforts of the communist government eased the opening of private enterprises, people had very limited alternatives to protect their life standards and chose to try this opportunity that Marody (1991: 110) calls 'parasitic innovation'. In particular, the Economic Activity Act of 1988, which ensured freedom of economic activity and establishing private business, led to the blossoming of private enterprises so that more than 70 thousand private incorporated companies were opened within a year (USAID: 1995) and through including agriculture the share of the private sector in the GDP of 1989 became 28 per cent (OECD, 1996: 18). However, Marody reminds us of how these innovative attempts were different by describing them as "limited to self-aggrandizement by capitalising on the absurdities of the communist economy." During the first 3-4 years, there

was somewhat of an explosion of new private enterprises. About 3,000 new private firms created 830,000 jobs between 1990 and 1994, which is far more than the sectors of new foreign-owned and privatised ones, respectively 80,000 and 10,000 (Jackson and Marcinkowski, 1999: 171). The share of these enterprises in total non-agricultural employment was more than 35 per cent (over 4 million) in 1993 (Johnson and Loveman, 1995: 8).

In total, the private sector in the whole economy attained 62.8 per cent of employment in 1995 and 73.7 per cent in 2000; and 61.1 per cent of GNP in 1995 and 74.9 per cent in 2000 (OECD, 2002: 101).

III. Normative Assessment of this Numerical Entrepreneurial Development

However, this advancement in privatisation and particularly in the blossoming of new enterprises should not misleadingly be argued as proof of the entrepreneurial skills or market-orientation of Polish people. As a Polish author underlined in an exaggerated way, the passive and collectivist mind of *homo sovieticus* was not suited to take risks, to innovate and to improve his qualifications and, therefore, for people who had grown up with the values of a command-type economy, it was difficult to understand basic economic relations, which are understood even by children in a market economy (Dietl, 1991: 153). Although Jeffrey Sachs, the mastermind of the economic transition in the country, was sure that with the introduction of standard neo-liberal tools, the potential energy of entrepreneurship in Poland would explode, sociological realities refuted the expectations of such economic utopianism (Bryant, 1994). Now, it is time to explain the insufficiencies and contradictions of the Polish economic environment in terms of a stable market identity and entrepreneurship, not to be misled by the numerical developments.

The construction of market values has been pursued following alien prescriptions: According to a constructivist view (Fierke and Wiener, 1999: 2), the *acquis communautaire* of the EU provides in idealistic terms a normative base for Eastern enlargement and, therefore, for the transformation process of those candidate countries. Nevertheless, it is not a fully acceptable argument because the conditions in the CEECs are different. The legal-institutional introduction of all the *acquis* accelerated the accession process of the CEECs and, for this reason, hurried the political elites to implement them. However, due to the different socio-political circumstances in these countries and the naturally slower normative-societal process of change, the result was a vague and confused socio-political and socio-economic structure. Legal-institutional norms were imported but obviously not social capital. In fact, once the target was chosen to establish a market economy about which the political elites and wider public had almost no experience, then, a dominant and leading role for Western institutions was natural, even imperative. However, it has not happened in such an innocent way and all those institutions including the EU approached

the matters of the country from their own perspectives or advantages. What is unacceptable is that while preparing the programmes for Poland (as well as the other CEECs), the EU and other Western institutions did not very much take into account the peculiar conditions of the country and imposed patterns similar to those used in the other countries (Csaba, 1995). EU norms and standards, according to Bruszt and Stark (2003) were the outcome of the interests of the EU member states and, while striving (and giving priority) to meeting these externally mandated norms and standards, the governments of the region were losing their capability to consider domestic interests and were working as 'agents of social and economic exclusion'. The imported mechanisms had to be operated in a society with a different political and economic culture.

What seems to be the right legal framework in western eyes, answering all the requirements of a modern democracy and of developed market, is perhaps not the ideal solution for introduction in a post-communist system (Malfiet, 1997: 92).

The economic programme was introduced to people with an idealistic-normative rhetoric: its adoption would quickly assure the realisation of the 'return to Europe' dream (Bryant, 1994: 68). The economic reform programme of Poland as well as other CEECs' was, in the words of Przeworski (1991: 183), 'an application of a technical economic blueprint' prepared by the Western economic scholars and specialists and imposed on the governments through international institutions. Especially as the use of slogans i.e. jump into the market, shock therapy implies, the introduced programmes were simplifying the problems, reducing the task to some stabilising policies and, thus, offering somewhat standard programmes used before in the previous cases of economic transition (Csaba, 1995). Bryant (1994: 63) reveals that 'enormous sums of money from Western sources had been wasted on projects that do not work and cannot work as intended because the economic theory that shaped them had taken no account of the real local economic, social, cultural and political conditions of their implementation.' In the same vein, as a Polish author observed, "Taking the needs into account, western help is symbolic and rather costly. It amounts to sending western advisors who consume a lion's share of western help, thus increasing Poland's debt. The Poles have a term for these advisors, 'the Marriott brigades,' since many of them stay in the elegant Marriott Hotel in Warsaw where rooms are rented for several hundred dollars per night." (Koronacki, 1994: 2).

International actors were not only in a position of proposing prescriptions. They seemed to be guide, active participant and main manipulator of all the economic re-structuring. The dissident elites and masses, who once were the main actors that prepared the regime change and were then relegated to the political elites and citizens of the new republic respectively, have, in fact, become the imitators -not determiners- and passive recipients of the economic prescriptions of those international forces. As a result of this, while all the

actors and agents of the political arena were local, the numbers of foreign enterprises as the key agents in the economic arena, and foreign executives working in these enterprises have become significant. Even if some sorts of social market economy were called out as an alternative to the radical liberal policies, they could not divert very much from the declared economic programme due to basic dependency on the western institutions.

Domestic social forces were insufficient to fuel private entrepreneurship: The initial domestic social forces participating in private property transformation and establishing new businesses should also be accentuated to explain the background of the newly emergent entrepreneurial class. They were the members of the already existent small-scale activities emerged from decentralising market reforms, of the former nomenclature and of the illegal second economy that could now be legalised thanks to the new economic conditions (Weclawowicz, 1996: 97; Cox, 1998). All these social groups, specifically the nomenclature, became the main incumbents due to their various links with institutions of political power. Democratic distribution of power was used by these groups to utilise power as a tool to gain property. Therefore, many of the enterprises established by these groups were the outcome of their political identities rather than entrepreneurial capacities. At the same time, this very dominance of political factors created a struggle among different political groups to control policies and especially enabled stakeholders, such as workers councils, managers and local governments to intervene in the privatisation of the firms (McDermott, 2001: 6). Besides, while different types of owners had different objectives for a firm (EBRD, 1999: 138), the different origins of the newly emerging capitalist class, as Weclawowicz argued (1996: 98), were an impeding factor for its integration and for the development of strong interest representation.

Among these, the role change of nomenclature members (the top cadre of ex-regime) was a really dramatic phenomenon. In spite of their initial resistance, these beloved communists became the decisive supporters of transition because of harvesting economic advantages from property ownership (Taras, 1993). The expected target of devolution to the public for the sake of market orientation could not be achieved but, on the contrary, a harmful situation could be: nomenclature capitalism. Using their linkages and positions in the state, the members of the old nomenclature seized the advantages of economic restructuring and privatisation to a greater extent and this situation, 'privatisation without marketisation' through a group depending on the state, caused both the unjust transfer of state resources to the firms of this group and a negative and cynical attitudes among the public to marketisation (Hall, 1995: 95). The activities of the nomenclature group were perceived as unfair and a new type of privilege in the eyes of the masses, and became a negative factor in the construction of market orientation. Besides, the bureaucratic mind of these

ex-cadres continued to impede activities and restricted the benefit from the advantages of market economy.

Creating entrepreneurs has also been a matter of competition between political parties. Each party has tried to create entrepreneurs of its own to fuel its survival and then the actors of the market have been determined not only through competition but also by 'political appointment' (Schoenman, 2001: 6). In this manner, unstable party structures, incomplete control and juridical mechanisms and turbulent conditions in which to maintain social relations generated misappropriation, nepotism or waste of economic resources rather than productive enterprises. Parties and political elites, once they came to power, also intervened in the state-owned enterprises for their own political benefits.

Poor qualifications to run a private business: Small enterprises in particular were the product of a small amount of capital and of a simple business scheme, rather than a well-planned strategy and, therefore, they had neither motive nor capacity to expand their business but had one aim, making money as quick as possible. Alongside the new legal-institutional arrangements, simple abstract encouragement to entrepreneurship was inadequate without supplying proper financial sources and know-how assistance.

The low level of domestic capital was not something unexpected because of the non-private economic logic of the previous system that prevented capital accumulation. However, in regard to know-how and guidance, there was not enough input for the potential entrepreneurs, either. Individuals' lack of knowledge and guidance about their efforts has impeded the formation of individual interests in social terms and retarded the emergence of social groups, which is, according to Marody (1992: 172), the primary obstacle to change in human activity and, then, to economic transformation. The necessity of developing human capital and gearing the education and vocational training system to the needs of the market was also pointed out as an important deficiency by the Commission of the EU (COM, 2000: 29). Contrary to this, the bureaucratic mind of the state has been a hindrance for the firms. While, according to the EBRD report (1999), firms think that the state intervenes in 15 per cent of their decisions, managers in these firms think that almost 10 per cent of their managerial time is spent dealing with state officials.

The comments of a researcher after an in-depth research on individuals' experience of the transformation process in Poland state more crucial information about these issues (Powers, 2001: 12): Contrary to, say, the United States entrepreneurs who take risks and independent decisions to start businesses and go on to prosper through their own initiative and skills, Polish entrepreneurs had no such qualities. "Although some attach to entrepreneurship meanings that emphasise its independent, enterprising nature, others - even many of the entrepreneurs themselves view it as an outcome of various chances and contingencies that arose because someone had a 'rich aunt in America' with

start-up capital, a brother-in-law with an idea, or wealth and contacts from a prior position in the state socialist system.”

As a matter of fact, to meet the increasing demand of industrialisation for qualified workers, a lot of vocational secondary schools had been opened in communist Poland and most of today’s middle-aged group attended these schools. However, many in this qualified group ascended to the political realm in the 1990s. Even if the remaining part became the owners of new private SMEs, the politicisation of the group, their partial acceptance of the market mechanism (especially related to efficiency) and changes in the labour market prevented the development of entrepreneur skills (Beblo et al, 2002: 13).

Therefore, the ownership change from state to private hands was only a part of market-orientation for these enterprises and the opening of businesses was only a part of new entrepreneurship. Adapting firms to changing conditions and competitiveness while staying within the legal boundaries is also a factor in market-orientation and Polish enterprises were not very triumphant in adaptability and competitiveness.

Prevalent behaviours and pathologies not in favour of market culture: Also it is worth saying that the enterprise culture goes quite beyond the hucksterism of blackmarketeers, brokers, speculators and gangsters that have been observed prevalently after 1989 and denoted as evidence of the existence of an enterprise culture in post-communist societies (Bideleux and Jeffries, 1998: 610). Yet, not a market economy but a registered and civil market economy that is operated within the rule of law had to be the real target for transitional countries (Rose, 1992). In the absence of strong juridical or other control mechanisms, the difficult economic conditions caused not only the emergence of legal enterprises but also a considerable amount of illegal business or behaviour. Consequently, from tax evasion to bribery, from smuggling to counterfeit production, many illegal ways have spread through economic life.

Before in this study, we have criticised the insufficiency of western aids in quality and quantity. However, the problem about these aids emerges not only because of the wrong strategy of the western institutions but also because of the corrupted bureaucracy in the country, especially in the rural areas. The comments of a Polish researcher interested in the use of EU aids in rural areas in Poland support this point. According to her, while on the one hand the main groups in rural areas, which are expectedly to be eligible to the EU (specifically agricultural) aid programmes do not even aware of these programmes, on the other hand, as a reminiscent of the old Communist propaganda methods, the officials were announcing how successful the application of these programmes (2). 69 per cent of the people in Poland think that most or almost all public officials were taking bribes and corrupted (Rose, 2002: 11). Another prominent report confirms this issue that almost one fifth of the firms were making bribes frequently to state officials (EBRD, 2002: 28). According to the same report,

firms' losses due to crime (theft, robbery, vandalism or arson) were about 2.5 per cent of their total sales.

However, governments so as not to stretch the rope at a time of already high unemployment and declining incomes have overlooked the shadow economy in most cases, especially for small business. In 1995, the so-called grey economy was sheltering 5-7 per cent of all adults (Fowkes, 1999: 130). Traits of a lumpen-businessman rather than the reliable entrepreneur came into being due to the abuse of the system's weakness by hucksters and incompetent people. It is obvious that this kind of policy cannot continue for a stable market economy (Taras, 1995: 241).

A new and agonising reality for the Poles, unemployment: Due to the nature of the pursued economic programme, the most apparent and probably painful consequence has become unemployment. During the communist years, unemployment was not possible for the working population and, by the launch of the shock therapy, the masses countered with the agonising effects of unemployment. Psychological impacts of unemployment on individuals became more painful than in any other non-communist country because for the first time after 40 years (which means the first time in the lifetime of most of society), people had encountered unemployment. Unemployment, then, has become a chronic pathology of daily life in Poland (3). Despite a relative decline to around 10 per cent in the years 1997-1998, it has always been over this percentage. While registered unemployment became 16.2 per cent, the OECD estimation –based on the Labour Force Survey - was at 20.3 per cent in the first quarter of 2002, the highest in the OECD (OECD, 2002). Some empirical data show, under the pressure of unemployment, people give priority to job security rather than to earning more money or having some job autonomy (Jackson and Marcinkowski, 1999) that prevents risk-taking and creative work, which are both very critical for the development of the market and entrepreneurship.

On the other hand, exposure to sudden unemployment became a factor forcibly driving some to start their own business in the void of the early post-1989 period. Even Johnson and Loveman (1995: 184), who acknowledge the role of newly established private enterprises for positive reversal in growth rate after 1991, admit that this 'easy' blossoming of the enterprises was because of the spaces left unfilled by the state enterprises. After the re-orientation of state enterprises to market conditions and of the increase in competition, it became difficult to maintain these spontaneous and relatively easy businesses. Therefore, many of the emerging enterprises were the outcome of unemployment and instable economic conditions rather than entrepreneurial skills and registered economic development.

Due to all the unstable conditions and unemployment, the amount of emigration has become considerable during the whole process, which is an important hindrance to the growth of market-orientation and especially of entrepreneurship. Already starting before the regime change, within 7 years of

1992, about 1.7 million people left the country, half of whom were between twenty-five and forty-nine and most with a good education and profession (Taras, 1995: 237).

Another new reality for the Poles, the end of the paternalist state: No matter whether it was inevitable or not, the new paradigms of economic life ineluctably brought some changes, first of all to the idea of the welfare state within a very short time. Liberalism not only failed in delivering “the commonly anticipated rapid improvements in living standards, but also plunged most people into extremes of economic and social hardship, for which they were almost totally unprepared and for which there were inadequate social safety nets.” (Bideleux and Jeffries, 1998: 602). As a matter of fact, the total expenditure on social programmes, as a percentage of GDP, increased from its 1989 level. While this percentage was 24.6 in 1990, in the following years, it came to more than 30 per cent with a decline in 2000 to 27 per cent (Beblo et al, 2002: 40). However, this increase was mostly caused by the new burdens of the transitional period i.e. unemployment benefits and the growth in the number of retirees and, thus, leaving aside any development, it could not keep the same level of quality (Adam, 1999). As a result, the social guarantees of the previous system were lost for the majority but could not have been filled by the pledges of the market system. Particularly, the main economic strategy was one of rapid change and before they could welcome the benefits, the masses were exposed to the troubles of economic transformation. Dziubka (1997) argues that especially in the initial years, hopelessness and insecurity were dominant in society mostly because of the fear of change and diminution of social protection and state subsidies that also created a ‘syndrome of entrepreneur’.

Then, this real-life acquaintance of society with the market economy eroded the ideal image of the Western-type ‘good market economy’ in people’s eye and an interventionist economic strategy, ‘capitalism with a human face’, rather than pure capitalism was invoked. The majority of the Poles, after over one decade of the neo-liberal practice, still had a mood of state-dependency and were still expecting the state to intervene in economic life to guarantee employment for everybody (92 per cent) and to reduce income differences (85 per cent), as singled out in a CBOS (4) survey (2001/3).

The continuation of egalitarian expectations in this circumstance might result in the increase of ‘feeling of duality’ and of ‘psychological hindrance’ to the socialisation process. Individuals might abuse the social benefit system or incline towards some illegal ways to earn money, just by convincing themselves that they were fulfilling the drive for equality. According to OECD (2002: 78) data based on a 1999 survey, 10 per cent of benefit recipients were at the same time working in the underground economy and this was an especially widespread practice in rural areas where 14 per cent of old-age pensioners, 19 per cent of disability pensioners and 6 per cent of unemployment benefit recipients had an underground job. By the same token, as a habit from the

previous regime, people were anticipating such tasks from the state without completing their bids as taxpayers.

Regional and socio-demographic differences in welcoming the capitalist system: As another point, the new economic phenomena have not diffused evenly and not had the same impact on every part of the country. Gorzelak (1994; also OECD, 2002: 25) argues that despite the prominent shift in socio-economic life, because of both the initial socio-economic position and the character of their neighbours, the disparity between different regions (east-west in general) and their chances for economic advancement and affiliation with western-oriented market life have remained almost intact; unemployment has become concentrated due to these regional cleavage and the strong west has become stronger while the weak east has become weaker. Another Polish academic (Jarosz, 2000: 15; also Weclawowicz, 1996) confirms this view and interprets the post-communist transformation as the process of not only the petrification but also the deepening of developmental differentiation among the various regions.

Furthermore, the new system has created economic freedom and equality in opportunity for economic activities. As an outcome of the citizenship-oriented new legal structure, contrary to socialist practice, equality has been aimed at opportunity through equal citizenship, not at conditions. However, beside the regional difference, due to various disparities between individuals (i.e. age, ability, and social origin), a new type of social stratification emerged and some people have taken advantage of transition while others have not. Jarosz (2000: 20) describes the (in)equality of educational chances after almost one decade under the new system as 'a notion of science fiction category'. In 1998, for example, workers' and farmers' children had comprised only 1-2 per cent and 3 per cent of the newly registered university students respectively.

As a matter of fact, attributing the sources of stratification to age, higher education and better performance in work had but limited impact on finding a job and gaining status. "Personal connections, and old (party?) boys networks, corruption and illegal activities seem to be much more promising." (Meyer, 1996: 21).

This stratification and polarisation have also created psychological discontent against a handful of winners and, through them, against the economic change (Balcerowicz, 1995: 263). This psychological phenomenon of 'being a loser' in the new economic system was especially prevalent among the workers who had been in the vanguard of regime change but, regrettably, had come up against the hardships of capitalism first. The disappointment of the workers, then, was beyond the simple bread-and-butter issues and came out of the shifting of their position from 'leading working class' to 'being of less worth than other groups in society' (Jarosz, 1993: 94).

Other unhelpful facts and figures for the construction of market culture: All those market pathologies and negative conditions have caused or intertwined with the other deteriorating problems of the country, namely housing, drug use, alcoholism, prostitution, weakening of social ties, etc., and a corrupt and unstable market base has appeared. Some statistical data are enough to authenticate the problem (Draus, 2000):

Ten years after the revolution and so-called economic boom, on the eve of a new millennium, about 2 million Poles out of the 40 million population were living in 'absolute misery', which means that they had no possibility to afford accommodation and regular meals. More than half of the population could not afford the various educational, medical and cultural services available. The dramatic point is that between 1994 and 1999, which is believed to have seen a relative economic recovery, 'the relative economic poverty' (people with a salary below the average) increased by 3 per cent.

Besides, while life expectancy at birth was 69.7 for males and 77.9 for females in Poland (the EU average is 74.9 and 81.2 respectively), infant mortality was 8.1 per 1,000, significantly higher than the EU average, 4.9.

Problems in statistical data about the private sector: Finally, a precaution about the number of enterprises should be stated. Usually in the relevant statistics, the number of registered entities is considered to show the enterprise development in Poland. However, not all of these enterprises are functioning in reality. For example, in 1998, the number of registered enterprises was 2,792,697, 97 per cent of which belonged to the private sector, but 1,726,073 enterprises were functioning. More than 1 million of the registered enterprises, in this sense, had not started activity or discontinued/suspended their businesses (Cywinska, 2000: 4).

IV. Conclusion

The success of market economy as of any other structure necessitates not only the construction of an institutional framework and systemic infrastructure but also the development of cultural-normative orientations around the basic norms and practices of market economy. Using the domestic parameters of the country, this study has attempted to examine that to what extent a societal base had been constructed for a functioning market economy in the post-1989 period of Poland, and has not displayed an encouraging picture. While doing this, we have taken into consideration not the political declarations of state executives or even the formal inclusion of Poland in the EU but the ontological and sociological facts; that is, the essential deficiencies and disparities of the country in terms of the normative building-blocks of market identity.

Because attention has been wholly focused on macro-level institution building and economic reforms in the course of the transformation process in Poland, the commencement of normative transformation has been overlooked.

While an institutional framework and systemic infrastructure have been established, the social construction of market understanding has remained weak. From the chaotic conditions and pathologies of the transformation to the imported economic programmes unadjusted to the realities of the country, from the legacy of the previous period to the socio-economic, demographic and geographical disparities among the citizens, many reasons have been given to explain why the cultural-normative requisites of the market system (values of private economic activities and entrepreneurship) could not have been constructed. The blossoming of new entrepreneurship was realised due to the sui generis and compelling conditions of transition rather than the societal diffusion of market mentality. Even if it had relative success in the region, the current quantitative and qualitative level of entrepreneurship and market orientation in Poland cannot be accepted as a socially institutionalised, stable and firm development.

The EU membership and the possibility of freedom of movement at EU level might possibly enhance the mobilisation of well-qualified and young Poles throughout the continent. However let alone the other impeding factors (language, difficulty of settlement in another country, huge unemployment rates in the West etc), the important size of the agrarian population (20 per cent) and the weakness of civic and entrepreneurial incentives in the other economic groups suggest that this possibility will not have a strong effect to change the picture in the foreseeable future. In the same vein, the economic dimension of EU citizenship aims to operate a market-oriented economic structure at EU level and, by means of this, to benefit not only from the material advantages but also from the cohesive and integrative power of free movement, to attain a unified community ideal. However, the lack of adequate and true market orientations in the case of Poland prevents us from expecting the realisation of such virtues of EU-wide market citizenship after the Eastern enlargement.

In sum, the observation of an author (Rose 1992) in the early years of transformation is still valid: The economy in Poland is a mixed one, rather than a Western European type capitalist system but this mixture consists of civil and uncivil (illegal) components. Poznanski (2001), too, explains the emerging system as a deviant form of capitalism rather than a 'recognisable' one. The result, currently, is not a rule-of-law society, a stable middle class and a market structure but a society in a hopeless mode with much pathology retarding the implementation of the reforms and the transformation of society.

Notes

1. Almost 70 per cent of the SOEs in either sector had been privatised while Poznanski was making the calculations.
2. Electronic correspondence with Granida Salmenkorva. 08. 11. 2003.
3. All the data about unemployment here have been received from OECD 2002 Economic Survey Report for Poland.

4. CBOS (Public Opinion Research Center) is one of Poland's most prominent public opinion research institutes.

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