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# Social Structure, Interests and Consciousness. The Crisis and Transformation of the System of 'Real Socialism' in Poland

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The paper starts with an analysis of the three main principles of the social order of 'real socialism': etatistic homogenization, basic dichotomy between the ruling group and all the direct producers as a whole, and politically-defined-from-above income differences among different sectors of employees. The structural crisis of this order is described as gradual undermining of these principles brought about especially by the growth of the second economy. In the last section the dilemmas of the recently started system transformation are described in terms of symbolic support but lack of short-term interests of the most numerous social groups in the market reform.

## 1. Introductory remarks

Polish society, like most Eastern European societies, is in a period of transition. Recent political developments have been the most conspicuous. But the changes have also occurred at a deeper level. The whole socio-economic formation of 'real socialism' is in the process of disintegration and a new type of society is in the making. The new tendencies are also detectable in the social structure of Polish society and, in parallel, in the social perception of this structure. It is, however, easier to define what has ended than what has begun. In the following remarks I would like (1) to present a general picture of the social structure of the *'ancien régime'* in both objective and subjective aspects; (2) to describe – against this comparative point of reference—the effects of the crisis of the system in the 1980s; and finally (3) to make an attempt of a tentative description of recent emerging processes.

Discussion on the character of the 'real socialist' societies has gone on for many years. The main types of approach can be roughly divided into four groups (cf. Lane 1982):

1. Various, more or less orthodox, Marxist models developed mainly by sociologists in the socialist states and stressing the basic non-antagonistic character of the

social structure linked with social (in fact, state) ownership of the means of production (Wesołowski 1979);
2. neo-Marxist conflict models (like those (a) of a transitional society, a case of 'arrested development' between capitalism and socialism (Trotsky 1945; Mandel 1969); (b) of state capitalism; and (c) of the Asiatic mode of production) defended mostly by the Western Left (cf. Feher et al. 1983);
3. a neo-Weberian approach maintaining that in order to understand socialist society one has to accept a much wider definition of exploitation, taking into account not only the ownership of the means of production and profit but also the nature and differentiation of access to power (Giddens 1973; Parkin 1979); and
4. a totalitarian-mass model emphasizing the basic dichotomy between the ruling group and the oppressed homogeneous mass (Kornhauser 1960).

It is impossible to deal here even with only the main arguments used in the dispute. Let me just state that in my opinion the arguments used by neo-Weberians seem to be the most convincing but other approaches also offer some interesting insights into the nature of socialist society upon which I would like to draw in the following remarks.

## 2. The point of departure – the social order of 'real socialism'

I would like to present below some essential features of the social structure within 'real socialism'. This presentation is meant to be a sort of ideal type, an empirically derived model of this kind of society reflecting not the ideological projects but the state of reality in those countries of Eastern Europe in which 'real socialism' was introduced, with particular reference to Poland. This model was close to reality especially in the 1950s and 1960s; the subsequent social changes have called into question some of its aspects but until very recently it has not lost its general applicability to the Polish situation.

The form of the socialist social structure is very closely related with the economic and political functioning of the socialist system. The nature of this system seems to have consisted of the attempt to subordinate all the different spheres of social life to one centre. This has also been the case with the economy. The principle of economic rationality (e.g. profitability) has been subordinated and sometimes even suppressed by different social considerations. Some of these considerations can be linked with the attempt of realization and implementation of socialist ideals: social justice, preponderance of general social interest over private ones, and so on. I would tend, however, to agree with the opinion of G. Markus (Feher et al. 1983:65) that one of the main social objectives of production has been 'the maximization of the volume of the material means under the global disposition of the apparatus of power'.

One can say, drawing upon Markus's ideas, that the social structure under 'real socialism' conceived of as an ideal model consists of three basic features, the first of which is étatistic homogenization: that is, an attempt to ensure that everybody be employed or directly economically controlled by the state. The state is meant to be the only employer or *de facto* controller of all producers. It is often used as an

argument that the basic class antagonism has been eliminated, that everybody's relation to the means of production is the same, that everybody's income depends mainly on the quality and quantity of the work supplied. The vast majority of Poles were indeed employees in the state sector and the official salary constituted an essential source of personal income.

It must be added, however, that state control is also exerted over those who from the formal, legal point of view are the private owners of their property. The mandatory deliveries of grain in order to get coal for winter are, for example, a very efficient instrument of economic control over a private farmer. Liberal professions are controlled in a different way: medical doctors may have a limited private practice only on the condition that their first job is in state hospitals, solicitors are compelled to work in teams. Even relatively the most independent small private craftsmen and shopkeepers work in the state-controlled environment and are supervised by the army of inspectors and tax collectors.

Regarding the second feature of the ideal model, in this situation of étatistic homogenization the basic structural dichotomous antagonism is between the corporate ruling group and all the direct producers as a whole. The sociological character of this corporate ruling group is an object of continuous discussion. It can be conceived of – in analogy to the definition of C. W. Mills – as being composed of a united triumvirate consisting of party ideologue, policeman and technocrat (cf. Konrad & Szelenyi 1979:148; Lane 1982:142). In the typology of Wright (1985:83) the ruling class in 'statism' (Wright's term for 'real socialism') is composed of managers and bureaucrats and the basic mechanism of exploitation is the planned appropriation and distribution of surplus based on organizational hierarchy. According to the position in the hierarchy of the apparatus of power the corporate ruling group can be divided into the narrow top governing élite and middle rank bureaucracy.

I do not intend to enter here into the discussion whether this group can be called a class in Marx's sense or whether it would be better to treat it, for example, as an estate, élite or still another social entity. I will point to just some of its features. This group is not a bureaucracy in the Weberian sense stressing only its executive character; here the functions of goal setting, task achieving and rule implementing are all strictly connected. This group is not socially closed, its membership is based not on ascription but on individual achievement. What kind of achievement is required, which personal characteristics are promoted and what biographical patterns of career can be detected is another matter. On the other hand the positions in this group are not directly inherited, so it does not have biological and social continuity. The most essential feature of this group is, however, the fact that its dominant role in the control and management of the national economy and social life in general is accompanied by a system of monetary and especially non-monetary privileges. There is a detailed, consistent system of remuneration of the 'pretorians' who are adequately rewarded for their services. This group of the members of 'nomenklatura' is therefore defined by both political power and economic privileges.

Third, the existence of the basic dichotomy does not mean that the two antagonistic groups are homogeneous. The ruling group is not only hierarchically differentiated but also split into different factions with different particular interests. There are, on the other hand, many important differences and conflicts of interests

among various groups within the working population directly employed or controlled by the state. These differences are linked with the division of labour (e.g. workers versus peasants, manual versus non-manual and skilled versus unskilled labour) and find their expression in the differentiation of income, access to power, social prestige, ways of life, forms of consumption and patterns of friendship and marriages. All these dimensions conceived of as the social stratification are the favourite object of sociological analysis. I would like to emphasize here three main aspects of this stratification which were the most characteristic in Poland in the epoch of the 'purest' classic form of 'real socialism' in the 1950s and 1960s, but which have also been visible until very recently.

First, the vast majority of these social differences originated within the state sector of the economy, and were defined by different professional positions in this sector. In this situation the professional position, the official job in the state enterprise or institution was a good predictor of income and individual position on the other dimensions of social status. By the same token, however, all the dimensions of an individual's social position were to a large degree deliberately shaped and controlled by state policy.

Second, it must be borne in mind that in the state-owned enterprises the level of wages was not determined only according to quality and quantity of work. Apart from undeserved privileges for the 'nomenklatura' one should stress wage discrimination against women, and especially the 'sector principle' (Wesołowski 1989:4–5). The latter resolves into the fact that due to the special position of the productive sector (and within it of heavy industry) in the national economy, the employees in this sector receive much bigger salaries than the employees with the same qualifications and in the same occupation but working in the non-productive sector. These sector privileges can be treated as one of the means of exercising power and attaining the above-mentioned goal of maximizing the volume of material means under the global disposition of the apparatus of power.

Third, the differences within the working population were – in comparison with capitalist societies – not very accentuated. This phenomenon was strengthened by the so-called decomposition of the factors of social position (or status inconsistency), i.e. a relative independence of income, access to power, prestige and way of life (Wesołowski 1979). In addition one can say that the social differences were not so visible, the individual wealth tended to be hidden, the conspicuous consumption was not socially accepted. The objective levelling down as an aspect of the étatistic homogenization was therefore accompanied by a generally egalitarian system of values.

The general picture of the social order of 'real socialism' described above is to a large extent consistent with the subjective perception of the social structure which was rather stable over the years. The results of the survey with the workers of four large industrial plants made in 1984 (cf. Ziółkowski 1988) can provide an adequate illustration.

Policemen, professional military officers and party activists are clearly perceived as the upper, privileged and satisfied class. All of them are members of 'the state', the state pretorians, pillars of state authority. These three groups are seen as emotionally distant, but only policemen are generally defined as hostile.

Another group perceived by the workers as relatively privileged, prosperous, satisfied and rather distant are private entrepreneurs.

All the other social groups – although a bit differentiated – form in fact one, unprivileged and dissatisfied lower class. In the social consciousness there exists therefore a clear dichotomous vision of the social structure linked with the perceived clash of interests between those groups which are connected with the apparatus of state power and all other professional groups employed or controlled by this apparatus. This dichotomy is also visible in the popular distinction between 'us' and 'them', and it has both a political and an economic aspect, access to power being linked with economic privileges.

The distance to the group of private entrepreneurs, on the other hand, is much smaller. This distance does not have a political aspect and is linked only with economic differences.

There are also some minor differences between the groups of professional employees. There is, therefore a sense of social differentiation within the working population. It is worth emphasizing, however, that the intellectuals – scientists and artists – although seen as relatively privileged, are at the same time perceived as the members of the general 'community of dissatisfaction'. Their privileges, their better access to some especially non-material goods, are therefore treated by the workers as still unsatisfactory. The social position of engineers is perceived as much lower still. All these groups are regarded as friendly or neutral by the workers. It seems to be a clear proof that the idea advocated by Gouldner (1979) and Konrad and Szelenyi (1979) stating that the dominant class in the 'real socialism' is formed by the unified intelligentsia, 'a new cultural bourgeoisie', is by no means adequate. To the contrary: within the intellectual élite of the country (specialists with the benefit of higher education) there exists a clear conflict of interests between those who have access to power and those who do not (cf. Adamski 1989:232).

To complete this picture I would like to add some remarks about the political and economic interests of the working class in 1984. Those interests can be deduced from values-ideals (visions of an ideal social order), attitudes towards existing reality and behavioural strategies that are considered effective in the present situation in both political and economic domains. The whole model and detailed results are presented elsewhere (Ziółkowski 1988).

Let me start by pointing to a different degree of support for the political and economic order of 'real socialism' at this time. While it can be safely assumed that members of the ruling group were interested in the preservation of the existing system in both political and economic aspects, the vast majority of society tended to oppose the political system in Poland while accepting – until very recently – the main elements of the economic order.

The full-fledged, ideologically grounded support for the existing political system was very meagre (4.4 per cent). Among the quarter of the population who behaviourally supported the political system, the vast majority did it for pragmatic or opportunistic reasons. The remaining three-quarters of the population declared their support for democratic values and their negative assessment of the existing political system. But only some of those tried to fight the system or at least express in a symbolic way their critical attitude. The most numerous chose the passive contestation, abstaining – because of fatigue, disillusionment and the feeling of

helplessness – from any political activities. In general, however, the political order of real socialism was clearly rejected by Polish society.

The model of an ideal socio-economic order, on the other hand, has always been rather complex and not completely consistent. The acceptance of the socialist principles of economic organization has been, until quite recently, rather high; much higher than the acceptance of the socialism as such which was linked with the rigid political system and general inefficiency. In the research in 1984 56.9 per cent of the respondents still treated the social ownership of the means of production, and 57.1 per cent, the planned economy, as necessary features of a good economic system, compared to 11.0 per cent opting for private ownership and 40.0 per cent choosing free competition in economic life. This option was adopted in spite of the fact that the belief in the effectiveness of socialist economy has gradually eroded as the recent history of Poland can be seen as a series of crises and unsuccessful reforms aimed at correcting the flaws in the basic mechanism of the system. The system was nevertheless accepted because it was linked with other values: job security, the protective role of the state, egalitarian distribution of the economic product, a minimum level of life and minimum satisfaction of basic economic needs, a significant place for non-monetary factors (e.g. education, cultural contributions, life-style) in determining job status and individual prestige, social insurance, peace and quiet. The need for the protection of the state was stressed even more after 1980 because of an acute economic crisis. Values of a clearly defensive and protective nature gradually replaced more ambitious ideals of economic development.

In comparing political and economic values of Polish society one can refer to the concept of value stretch (Rodman 1963). Political values tend to be formulated more easily at the highest level of preferred values which are considered desirable but not always feasible nor attainable. They have more collective than individual character, are more distant from everyday experience. The economic values, on the other hand, are not only the ideals of a macro-order but even more so of the individual economic everyday life situation. They seem to be located at a much lower level of something that is feasible, instrumental, realistic, sometimes even only tolerated. In Polish society, this tendency led, until very recently, to the widespread acceptance of the proclaimed ideals of the socialist economic order.

To sum up, then, the system of 'real socialism', although politically oppressive and economically not efficient, nevertheless developed a certain logic of functioning, a well defined social structure based on clear (which does not mean just) principles of remuneration and a to a large extent viable socio-economic ideology. It did enjoy, therefore, some level of popular support, or at least grudging acceptance.

## 3. The crisis of the system in the 1980s and the new emerging tendencies in the social structure

The deep, all-embracing crisis that started in the late 1970s in Poland led first to political conflicts and later on to some tangible political changes. There appeared a general tendency to diminish the domain directly controlled by the state. Some concessions were necessitated or fought out. This opening occurred first in the domain of information, freedom of expression and public discourse, later on it led

to more tangible changes in the exercise of power – the Round Table talks, first semi-free election, formation of a new Solidarity-led government.

Gradually, however, the economic crisis, attempts at economic reforms and spontaneous economic processes have become the most important factor in the Polish predicament. Those economic changes have as well given rise to some new tendencies in the social structure and new configurations of group interests.

The most important element of the situation in the 1980s was an acute economic crisis. The crisis of the socialist economy was the crisis of the state sector. Some partial and gradual attempts at economic reform were made. The results, however, did not come. In addition one of the main problems was that the very concept of the viable social sector as the normative model of reform could not be precisely formulated and was essentially but a vision, murky and incoherent, looming somewhere on the horizon. The economic crisis became by the same token a severe ideological crisis.

The overall effect of the general poor functioning of the state sector was that salaries in state institutions and enterprises – with some exceptions – were generally very low, not very differentiated and constituted a decreasing proportion of the total income of the average Polish family. The level of living declined and its protection while working only in the state sector became more and more difficult. The abrupt rise of prices of consumer goods and services leading to a considerable fall in real incomes and acute shortages on the market made new types of adaptive economic behaviour necessary.

In the context of the crisis of the state sector the second most important element in economic changes in Poland in the 1980s was the continuous rise of this sector of economy which was not controlled by the state. A still growing part of the population has opted for leaving the state sector and taking advantage of the new money-making opportunities provided by second full-time or part-time jobs, the private sector, opportunities for work abroad and private foreign trade. All these new opportunities created, in effect, a growing second economy and a second society parallel to the official state economy and first society (cf. Hankiss 1988). Drawing upon Hankiss I would like to accept here the broadest possible concept of the second economy conceived of as all those economic activities which – contrary to the main tendency of 'real socialism' – are not controlled by the state and therefore undermine the very logic of its economic, political and social functioning. It includes therefore 'all of the non-regulated (legal and illegal) aspects of economic activities in state organizations, plus all unreported activities, plus all forms of private (legal, semilegal, and illegal) activity' (Sampson 1987).

The main effects of the economic crisis during the 1980s can be described as follows (cf. Misiak 1988; Beskid 1989; Milic-Czerniak 1989; Sikorska 1989). First, a substantial although gradually decreasing part of Polish urban society was still willing to live within the state sector under the peculiar socialist social contract of the previous 40 years – a contract based on mutual low expectations on the part of both the government and the workers. In this arrangement the workers have been trading off the prospects of high wages for predictability, job security and minimum social welfare benefits.

Since the beginning of the 1980s, however, even this social contract was subject to considerable strain as workers' real wages had shrunken and shortages and price

increases had undermined the workers' willingness to continue to accept the contract. This phenomenon is reflected as well in the diminishing importance of one's main job in the system of values (Milic-Czerniak 1989).

Second, the crisis of the first and the rise of the second economy has changed the structure of employment in many ways. Since for the people employed in the state sector the basic official salary was becoming less and less important gradually more important became additional sources of income. On the other hand, people with the same official professional position (e.g. shop assistant) with the same basic official salary may or may not have had access to these secondary sources of income (a furniture shop assistant was in this regard in a much better position than his colleague selling basic food products). This mechanism of income differentiation differed from the above described 'sector principle' in one important respect: it was not determined from above but was a result of spontaneous economic activities.

In the Polish occupational structure in the late 1980s one could in fact discern three types of occupations in the state sector. The first one consisted of these professional positions which created opportunities of perks and additional income for almost all employees. These opportunities were taken into account by the people taking up the job (petrol pump clerks, plumbers, English language teachers) gradually becoming one of the main incentives to do so. The second type of job opened these possibilities for only a few – better qualified, more privileged, sometimes merely having more luck (scientists working in the West). There were, third, such occupations which make it very difficult to supplement the official salary. This had been particularly true of some workers employed in some domains of the economy hitherto privileged by the 'sector principle' such as steelworkers or shipyard workers, who have few opportunities for finding extra work on the side. It is no accident that both the development of the core of the Solidarity movement and the strikes of May and August 1988 took place in such work environments. One can say that two modes of behaviour were possible: (1) an individual adaptive reaction looking for opportunities and especially gaps in the existing system without any direct attempts to alter its basic mechanisms but having an obvious corrosive impact on the system, and (2) a collective reformist reaction aiming at a deeper change of the mechanisms of the system's functioning.

One of the proofs of the increased and increasingly economically differentiating role of secondary income, even for the employees in the state sector, was growing internal income differences within the same occupational groups (cf. Wnuk-Lipiński 1989), differences which cannot be explained by changes in official wages.

Third, an important element of the rise of the broadly conceived second economy was the growth of the legal private sector. The participants in this private sector gave up their job security and many of their social welfare benefits for the promise of high incomes and freedom from at least most of the direct state control of their work and their lives. Such a choice, however, involves a willingness to take great risks and to live in a much more uncertain and unpredictable world. This option, while still limited, was growing rapidly over the years, and had increasingly been accepted as a desirable and prestigious alternative to employment in the state sector. The number of private enterprises outside agriculture went up from 255,000 in 1976 to 500,000 in 1986. The percentage of the workforce in the official private

sector increased from 3.55 per cent of all employees in 1980 to 5.8 per cent in 1986, 6.1 per cent in 1987 and 7.0 per cent in 1988.

Fourth, the process of the 'dollarization' of the Polish economy, already underway in the 1970s, was further strengthened. The convertible currency in Poland was always drastically overvalued. The average wage in the state sector constituted over many years an equivalent of US$25–35 exchanged at the black market rate. In this situation, working abroad – made relatively easy thanks to a rather liberal travel policy – became a main source of high income. In the late 1980s US$1.4 million were brought into Poland every year, which, at the black market rate of exchange, constituted more than 40 per cent of all wages. Convertible currencies treated as the best protection against inflation also became a main form of savings. Convertible currency accounts in official Polish banks alone constituted 15 per cent in 1983, and by 1988 as much as 60 per cent of entire savings (Kozlowski 1988). Travel abroad had multiple forms – from brief 'tourist trade' expeditions, and short-term holiday work to official long work contracts and permanent emigration. Within the five years from 1983 to 1987, 58,500 people (including 5,000 specialists with the benefit of higher education) left Poland officially, while 117,000 (including 16,500 specialists) illegally prolonged their stay abroad (Misiak 1988:46). This opening to the West also had profound psychological effects. The affluent countries of Western Europe became an obvious comparative reference point for the Polish population, which strengthened the feeling of relative deprivation. The impact of Western consumption patterns – a clear case of cultural diffusion – changed the needs and aspirations of Polish society to a considerable degree.

Fifth and finally, the economic crisis and the spontaneous adaptive reactions gradually brought about a situation in which the old logic of remuneration was called into question. At the same time there appeared increasing differences in the modes of economic adaptation to the system of various parts of the society linked with the emergence of the growing economic differentiation of income and wealth. The major beneficiaries were the private entrepreneurs; the major losers – pensioners and state employees in the public service sector, e.g. teachers, health workers, clerks. Key industrial workers, miners, and especially military officers and the police, had at least kept pace with the rate of inflation.

One can say that in the late 1980s both economic survival, making ends meet, and especially economic success could not be secured in the core of the socialist economy, i.e. the state sector and resulting from its normal functioning, but in its gaps, as a result of its shortcomings or outside of the state – in the private sector and other forms of the second economy. The attempts at improving one's situation by reforming the mechanism of the system gave way to endeavours to satisfy one's needs outside the system. The next logical step that was to begin soon was to change the whole system completely.

One of the most significant changes which took place in those years in Poland was the general decrease in direct economic dependence on the state as the sole source of employment, income and security, both in the objective sense and in the subjective sense of the reduced psychological feeling of dependence on the state. It also had obvious political consequences. It was important, however, that this decreased dependence on the state came to be even more evident among the social élite, enjoying up to that time state-guaranteed economic and political privileges.

Of the four sources of highest income in Poland, only one was in the late 1980s fully and directly controlled by the state: namely, the wages and other privileges of the ruling group, i.e. the highest paid functionaries of the Party, military, police, government and public enterprise management. The growing inefficiency of the system made even this source of income much less secure. The other three sources of high income were much more difficult for the state to control: the legal private sector; the semi-legal and illegal activities of both public officials and private entrepreneurs; and private foreign trade and work abroad. While the state could attempt to regulate, tax, restrict, or harrass such activities, it was neither the source of these income opportunities nor capable of cutting them off. It was calculated that the structure of the economic élite, defined as 10 per cent of the population having 30 per cent of the general income in Poland in 1987, looked like this (Wiadomosci 1989):

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| 1. employees in the state sector | 21 per cent |
| 2. private work abroad | 15 per cent |
| 3. 'trade tourism' | 15 per cent |
| 4. individual farmers | 14 per cent |
| 5. illegal part of the second economy | 12 per cent |
| 6. legal private sector beyond agriculture | 10 per cent |
| 7. liberal professions | 7 per cent |
| 8. official work abroad | 4 per cent |
| 9. pensioners (including pensions from abroad) | 2 per cent |

As a consequence, there was a tendency for top incomes in the private sector to outstrip those of all but perhaps a handful of top party and state officials. This, in turn, led both to frustration on the part of the official élite and the need to provide commensurate rewards for the most deserving of the party and state élites. One of the solutions was a peculiar fusion of the power élite of the *ancien régime* and private economy, as some members of this élite started to enter private enterprises or form various cooperatives using their channels and influences to protect and develop their economic activities. One can say that this tendency of the 'affranchisement of the nomenklatura' was one of the most important factors contributing to the systemic changes in Poland, and at the same time somewhat guaranteeing their continuation. It must be borne in mind, however, that such an option has been open to only some members of the state apparatus; moreover, it required some special psychological characteristics (i.e. to do with the spirit of initiative) which were neither needed nor so widely spread in the state bureaucracy. Many others would have much preferred the economic *ancien régime* of traditional state socialism.

The economic ideals of the members of the opposition and the silent majority in Polish society also became rather diversified. One can say that both in the society and among the pretorians of the old system – party and state apparatus, military officers, police – there appeared enormous differences not only in the objective economic situation but also in economic interests, values, attitudes and behavioural strategies. While there existed considerable support for the economic reforms and changes both in society and within the apparatus of power, on both sides there also

exists powerful opposition to them. It can be said that the differences of the economic interests and economic values and attitudes have become to a large extent independent of the political cleavages. This phenomenon could also be observed during the Round Table talks. The Communist Party was deeply divided; the official trade union activists represented its left-wing, more populist wing. Solidarity, on the other hand, faced the problem of how to represent the workers' interests in big state enterprises and – at the same time – to be the champion of privatization and the free market.

All these emerging tendencies did not only change the old logic of income distribution but also called into question all three organizing principles of the income distribution of 'real socialism' that were described above. There appeared, first, a decrease of étatistic homogenization, a growing objective and subjective independence from the state and an increased role of second-economy income. There appeared, second, a drastic relative decrease of both the economic privileges of the apparatus of power and its reduced role in decision making. There developed, third, new mechanisms of income differentiation within the working population. The role of the division of labour in the state sector of the economy, together with its differentiating mechanisms (e.g. the 'sector principle'), has somewhat diminished, while the access to secondary sources of income for the employees in the state sector and income in the private sector became more important and more economically differentiating.

The growing subjective rejection of these three organizing principles of the *ancien régime* can also be seen in a significant change of the values/ideals of the economic order. In a national survey in 1988 (Koralewicz & Ziółkowski 1990), 86.3 per cent of respondents considered free competition in the economic life as the necessary feature for a good social system as compared to only 31.6 per cent expressing support for the centrally coordinated command economy. In a more recent (1989) survey of the Warsaw sample (Guzek & Ziółkowski 1989), the reintroduction of private property, the free market and competition was selected as the most basic condition that must be met to overcome the present Polish crisis. It was chosen by 92 per cent of respondents, far above all other possible requirements including far-reaching democratic changes.

Economic consciousness in Poland has, therefore, rapidly altered. Some old values of real socialism have still been accepted by a substantial proportion of the population. Even those who accepted the values most fully viewed them as less exclusive than before and were more willing to tolerate a role for their opposites in the functioning of at least part of the system. On the other hand, there has been a growing group who openly and almost totally rejected these values and called for their substitution by what in effect amount to the values of a largely unregulated capitalist society (i.e. more Ronald Reagan than Swedish-style capitalism), with support for unlimited private ownership, a decisive role for the market in resource allocation and incomes, great differentiation in incomes, a high level of competition and personal risk, exclusive reliance on material incentives, and in practice culminating in the virtual elimination of non-monetary factors in evaluating social prestige. The boundaries between these two conflicting sets of values have become increasingly blurred as the same individuals or groups often simultaneously advocate or even put into practice at least part of both sets of values in different domains of

their economic and social life, e.g. a worker who holds down a job in a state factory and moonlights in the private sector in the evenings and on weekends or skilled factory workers who support the principle of social egalitarianism but demand very high wages for themselves.

It can be said that in the domain of the economy, socialism became generally rejected as the system of production but – for the lack of other better experience – has still been accepted as the system of distribution.

At the end of the 1980s Poland, along with other East European countries, found herself in a unique historical situation. The objective (intended and unintended) economic processes, the individual ways of coping with economic situation, and finally some new elements of social consciousness brought about a loss of social, economic and ideological unity of the old system and even an evident crisis of its basic identity. It was a moment of system crisis and of system change.

## 4. Social order in transition. Interests and consciousness in the period of transformation

Political developments in Poland, Round Table talks, the election and the formation of the *Solidarnosc*-led government, led first to the formulation, and then, since January 1990, to the implementation of a radically new economic policy. This policy changed the whole economic environment and created new types of adaptive behaviour. A new economic order and a new type of society seems to be in the making. The general destination is towards a market economy, or as it was once put by the Polish Prime Minister, 'a social market economy'. Poland has dismantled communism and broken away from the bondage of ideology, accepting the new economic rationality. The details of the new sought-for order are however still far from clear.

The main elements of the new economic apparatus designed by the government are a nearly balanced budget, abolition of most subsidies, the freeing of 90 per cent of prices, strict monetary policy with high interest rates, wage rises held below inflation by the punitive tax rule, Polish currency devalued to a sustainable rate and made internally convertible and finally the beginning of the process of the privatization of the state sector.

The effects of the first few months have been profound. The budget deficit was reduced, inflation slowed down and a trade surplus was achieved. The market has been stabilized, and for the first time since World War II consumer power has almost replaced the tyranny of perpetual shortages. The first phase of the government programme has largely been successful.

The recession, however, was much deeper than expected. Production went down for about 20 per cent, real incomes shrank by a third and families are commonly having to spend 60 per cent of their budget on food. Unemployment has risen to c. 317,000 (including c. 138,000 women) at the end of April, which is 2 per cent of the work-force. The number of unemployed has risen daily by c. 3,000 people. There have been ten unemployed for every one available job. It must be added, however, that 40 per cent of the currently unemployed were in fact jobless before, but have only now registered to collect newly available dole money.

The second phase of the programme which is meant to stimulate production growth has been much more difficult. Most dangerous for this programme seem to be the new patterns of adaptation, a clear conflict between symbolic acceptance of the programme and the lack of real, behavioural support for its implementation.

On the one hand there is enormous patience, acceptance of sacrifice and tolerance for the drastic decrease in the standard of living. At a symbolic level the government still enjoys the support and trust of the vast majority of the population. It is clear that no other government could have imposed such austerity and got away with it. This tolerance is connected with the general feeling that there is no viable alternative to this programme. There is also more docility on the job and much higher reluctance to take sick leave in view of perceived lack of job security. Absenteeism is said to have dropped by 40 per cent compared with the previous year and suddenly there are takers for previously unwanted jobs. This passive acquiescence – social, industrial and political – has been crucial in keeping the whole experiment running to date.

On the other hand there does not still exist a viable social base of the economic transformation. Polish economy is still regulated by two opposing mechanisms: the dominating old one – that of state command, protection and distribution – and the new one – that of the market. The immediate short-term interests of the most numerous social groups like industrial workers, peasants and members of the intelligentsia are still clearly linked with the old mechanisms. Market reform is supported because of the 'theoretical interest' but it has failed so far to produce the desired economic reactions on the part of private producers and both the management and the employees in the state sector. There is a common expectation that sooner or later the whole situation will somehow improve almost automatically thanks to the new mechanisms and as a natural reward for the present sacrifices, but virtually without one's own personal initiative and commitment. State administration and state interventionism remain enormous but people are accustomed to and still expect state presence, protection and control. They want to see great changes, but on the condition that those changes do not too greatly affect their individual work and living conditions. The most common policy of the factory management facing financial restrictions is simply to reduce production by sending people, first on a forced paid holiday, then on unpaid temporary leave, and finally by reducing employment. It is aimed at gaining time, waiting for the loosening up of the government's strict monetary restrictions. The old habit of waiting for the central power to define the rules of the game is still clinging on. There have been to date almost no attempts to play an active role in the restructuring of production, changing its profile, adapting it to the new market conditions. High interest rates have also choked investment in the private sector, discouraging private entrepreneurs from expanding production and creating new jobs. Farmers have complained that the high cost of machinery and fertilizer have made food production unprofitable, and they ask for state protection and suspension of the market mechanism.

There are some enclaves of people interested in the functioning of an authentic market mechanism, but they still constitute a tiny minority. A certain paradox can be noted here. The second economy has been an important factor contributing to the decline of the old system. The old patterns of functioning in the second economy

within the economic environment of the shortage economy of the state sector prove, however, often to be clearly inadequate in the new situation. There is still very little room for the new system to grow. Private investment, small-scale planning and commercial contracts are as infrequent as they have ever been. There is not enough capital for that but in addition not enough will-power, confidence and positive experience. At the personal level withdrawal and passivity still seem to dominate. To coax people away from the influence of the omnipresent and omnipotent state and to make them act in the new economic domain may well prove to be the most difficult task of all.

The main condition of the success of the transformation programme seems to be the creation of its real social base (i.e. large social groups having both short- and long-term interest in the development of the market economy) before social patience and symbolic support grow thin or disappear altogether.

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