

Social Market Economy – Poland

Let me begin with a statement that the term “social market economy” is inscribed in the Polish Constitution (1997) in art. 20, which says that *“A social market economy, based on the freedom of economic activity, private ownership and solidarity, dialogue and cooperation between social partners, shall be the basis of the economic system of the Republic of Poland.”*

What is the realization of that idea, where are the difficulties and a word about the role of the Catholic Church in Poland, are the themes of my short and simplified presentation. When the evaluation of our actual socio-economic situation is a highly disputable topic in my country, here is my critical opinion.

Social market economy demands a rationally-orientated economy, rooted in a social trust reinforced by a social contract. The ideal is to compromise the economic productivity with social responsibility. This implicates transparency, fair and satisfactory legal system, as well as an implementation of the rules of solidarity and participation. This model is not being realized in the actual situation.

The first problem is an excessive connection between politics and business. After '89 the model of economic transformation was ill-adopted with regard to citizens' participation in the national wealth. Even well prospered companies were sold 5 to 6 times below its market value. The really beneficiary group were the ex-communists, due to their connections, access to information and savings. Today they still hold important positions in our business world, have well-paid jobs and are well connected politically. The last years of spending the European financial assets proved that the actual system serves the maximization of the profit of some, those often connected with the previous establishment, at the cost of the common good. High level of nepotism (when the key roles in state companies are given to people without competences), distribution of privileges, excess of bureaucracy, are a common practice. There is a tendency of the concentration of the capital, without societal participation. All of these create a palpable problem of a common mistrust and a sense of injustice.

Although there are many positive results of the economic transformation, and the Poles are by nature enterprising and resourceful, having high rank in economic activity, the last report of the European Commission's experts gave Poland the 16. place in Europe regarding the economic stability, the last one in the region. Responsible Competitiveness Index – RCI, gave Poland 0,67 points (when 3 is the highest), the lowest (in its interior aspect). With a quite low level of education and innovation, the future does not look promising.

Over the last years we have observed an “apparent privatization” (pseudo-privatization), which consists in buying state enterprises by other, bigger state

enterprises. E.g. KGHM, a state, industrial conglomerate for mining and production of copper and silver, has got 600 associate companies. The same happen with Lotos (petrol company), PGNiG (leader in the gas market) – just to name a few. The result is still a high level of monopolistic practices. It's painfully experienced in smaller towns, where there are no investments, but a liquidation of schools, post-offices, means of public transport, or police stations. The Gini Index shows a growing social diversity, growing gap between the better-off and the poor.

Regarding the second segment, the society, it is debatable how much it is already a civil society, while so many are practically excluded from the partaking in economic profit (half of the population lives at the level of minimal wages, e.g. at the edge of poverty). There is a serious issue of the democratization, because one observes a growing use of propaganda, the absence in the mass media critical analysis and standpoints, or exclusion of inconvenient journalists from the mainstream media. Recently the biggest magazine, very critical against the policy of the current government was cleverly destroyed. The dialogue among different parts of the society has been very limited and the sense of social solidarity has been significantly weakened. The index of the social capital rank is low, e.g. at the level of institutional bonds (linking and bridging social capital), when the family bonds are much stronger.

One of the reasons for this type of problems lies in the fact that in a country with a relatively short period of democratic system and a long history of the mobilization of its resources for survival, the major problem is the identity. The politicians realized that this is the matter that evokes biggest emotions, and along the lines of national emotions they build their political capital. The identity, simplifying, oscillates between the traditional one (Pole and Catholic) and allegedly a modern one.

Regarding the role of the Catholic Church at that context, it cannot escape one's notice that the Church officials have been quite reserve in addressing these issues. Their voice is heard in the discussions about widely broadcasted moral issues or in a dispute about the new way of financing the Church's activities, but not so much in the theme of the socio-economic future. The Church seems to be very withdrawn, remote from more systemic analysis of the socio-economic situation. As an example of this kind of disregard: in 2001 there was issued the biggest so far pastoral letter on social matters. It has got 13 pages and there are 40 quotations from John Paul II (19 from *Centesimus annus*, 8 from *Laborem exercens* and 13 from other papal statements). It seems that there is a long way for the Church to define its social and prophetic mission.

One has to admit that the situation for the Church hasn't been favorable recently. There has been a growing anticlericalism and a poor leadership within the Church's structures. Often it is not so clear what to propose for a particular social problem. I'll give one example. We have a tradition of trade unions and the Catholic Social Teaching talks about the right to that type of defense organizations. But today they

play rather a negative role, due to the legal regulations. If there is more than 20 unionists, the employer has to provide an office. If there is 172 unionists, the employer has to pay for one full-time job (1 hour monthly free for one unionist). In big companies, like coal mines, there might be several dozen this type of union-leaders, who do a dubious work and who's salary is at the level of the middle management (5 thousand euros). The employer has to maintain the trade unions' structures. It's a kind of degeneration system and it's not enough just to defend it in the name of social justice.

In sum, I would be very skeptical toward a statement that in Poland there is an evolution towards the social market economy. We still have quite a weak system of participation, and rather an elitist concept of wellness, i.e. that the assumed and unspoken concept of development is not orientated towards the common good but towards limited groups of benefactors. The Church could have a real impact in changing this operating model but it would need serious analysis and more courage to pay for that kind of stand. But there is an urgent need to construct a new social contract as the foundation for new ethical standards and rules.