

Mirosław KSIEŻOPOLSKI*
University of Warsaw

Between guarantees of communism and a paternalistic-market hybrid. Polish social policy at the turn of the 20th century

Abstract: This paper attempts to characterize the social policy model emerging in Poland during the last 23 years of transformation from socialism into a market economy with a liberal democracy. It is certainly still a model in the making, though its mixed character is already clearly visible. In order to characterize the socialist and current social policy models and to locate them in two of the mainstream social policy typologies I shall examine three key variables: (1) the principles of distribution, (2) the role of the state, (3) the degree of solidarity. The analysis is based on an assumption that similarities of the present (and also the former) Polish social policy model with social policy regimes existing in market economy countries are only superficial. Nominally similar measures or policies are based on different philosophies and serve different purposes. I aim to prove that the most characteristic feature of the dual nature of the emerging Polish social policy model is the simultaneous presence of two major currents: paternalistic and market-oriented. Therefore, the present social policy model may be described as a paternalistic-market hybrid, a term which emphasizes its very profound inconsistency. I also try to identify path-dependent processes and major path-departure changes.

Keywords: Poland, post-socialist transformation, post-socialist social policy models, path-dependence, path-departure.

JEL codes: P2, P3, P52.

Introduction

Poland, located in the heart of post-socialist Central and Eastern Europe (CEE), is a semi-peripheral country of the highly developed, postmodern world. It was Poland

* Email: miroslawksiezopolski@poczta.onet.pl.

where the transformation from state socialism into a market economy with a liberal democracy started under the banner of “Solidarity” – a massive social movement grounded in one of the most important values constituting social policy in all countries, irrespective of their political and economic system or development level. Moreover, in the last two decades Poland really has been – using Esping-Andersen’s term – “a virtual laboratory of experimentation” [Esping-Andersen 1996, p. 267]. In this laboratory not only is a new post-socialist model of social policy being shaped. Poland is also testing a social policy strategy for a semi-peripheral country trying to catch up with a highly developed world in times of globalization.

Transformation of social policies in CEE has been dealt with in numerous studies.¹ In this chapter – due to the nature of this work – I will comment on them only in exceptional cases. I would rather like to focus my analysis on the identification of the main features of the Polish social policy. In order to characterize the socialist and current social policy models and to locate them in two of the mainstream social policy typologies – i.e. that of R. Titmuss and G. Esping-Andersen [Titmuss 1974; Esping-Andersen 1990]² – I shall examine three key variables: (1) the principles of distribution, (2) the role of the state, (3) the degree of solidarity.

I aim to prove that similarities of the present (and also the former) Polish social policy models with social policy regimes existing in market economy countries are only superficial. Nominally similar measures or policies are based on different philosophies and serve different purposes. I aim to use these variables to identify similarities and differences between the Polish and other main social policy models or welfare regimes.

1. Socialist model of social policy in Poland

1.1 . Principles of redistribution

The distinction between need and work performance as a condition for welfare seemed to be quite simple in theory and very unclear in practice. One assumed that during a transitory period to communism, i.e. in a socialist society, the leading principle of redistribution should have been ‘to each according to work’, and only after the establishment of communism, the other principle ‘from each according to work, to each according to need’ would have taken precedence. It was already obvi-

¹ See for example: [Cerami 2006; Cerami & Vanhuyse 2009; Cook 2010; Golinowska et al. 2008; Haggard & Kaufman 2008; Inglot 2008].

² R. Titmuss [1974] has distinguished three models of social policy: Residual, Achievement-Performance and Institutional. G. Esping-Andersen [1990] has divided welfare states into three regime types: Liberal, Conservative and Social Democratic.

ous in the transitory period that some kind of public fund would have to be created to serve common purposes. However, neither the range of human needs to be satisfied by social policy, nor the criteria of eligibility for access to common funds have ever been clear in practice.

In the Constitution of Poland from 1952 the following social rights had been set forth: right to work, to care for mother and child and the right to rest [Konstytucja 1976]. Only the right to work and to education were unconditional, all other rights were dependent on participation in work. After the WW2 Poland had continued to build its social security system on the foundations of the classical social insurance model which assumes that the right to benefits and their amount depends on employment and (or) previous contributions. Except for the right to education most other benefits were earnings- and work-related. Universal flat rate benefits granted upon citizenship had been virtually unknown, with few minor exceptions.

Since there was no unemployment and since the right to work was inseparably connected with the obligation to work (more moral than legal because work was not compulsory), it was assumed that in a socialist society each citizen was able and ought to support himself with earned income. During the first half of the 1950 those outside work were in general denied the right to help, and afterwards social assistance was devoted almost exclusively to help individuals unable to lead an independent life, mainly those in old age and the disabled.

The strict connections between social rights and duties, between work performance and level of satisfaction of individual needs conformed with basic principles of the Achievement-Performance model or Conservative-Corporatist regime. However, it may sound illogical but in reality the pressure to increase individual performance had been connected with quite successful efforts to deprive the same individuals of the responsibility for their security and welfare. It was mainly possible due to the central regulation of wages. During the whole postwar period wages were intentionally kept at a low level. Wage policy assured a decent livelihood to every employee but made it very difficult to reach a much higher standard of living by an increase of individual work performance.

At the same time low wages left practically no room for individual initiative to contract one's own welfare; it was assumed that money withheld from the wage fund would finance the social security system and would enable many basic goods and services to be offered free or at a very reduced price to all citizens. This assumption (or promise) had been only partly fulfilled – low wages had first of all made it possible to keep a share of accumulation in GDP on a relatively high level.

The relatively high importance of the 'social wage' in the total consumption of the population could serve as a good argument of the institutional character of social policy under socialism. It is far from clear, however, to what extent need had constituted the main principle of distribution of the 'social wage' or to what degree on the other hand that distribution was based on the principles of work performance,

achievement or merit. We know, for example, that prices below costs had a social foundations only to some extent, and in many cases subsidies contributed to further inequalities through unequal access to different goods and services. They also to a high degree covered the costs of low performance of both the institutions of social infrastructure and the economy.

1.2. Role of the state

Common responsibility for the welfare of citizens has been one of the most fundamental values of socialism and a possibility to 'socialize' a process of meeting basic human needs has always been considered as one of the main advantages of that system. In such circumstances the institutionalization of social policy seemed to be inevitable. This did indeed happen to excess. The state dominated the process of meeting all major social needs, at the same time depriving people of the responsibility for welfare. The state was considered to be almost 'omnipotent', all other subjects were to play only supplementary roles. They mostly did what the state had commissioned them to do; individual or group initiatives were limited either by the lack of resources or by a necessity to have state approval or permission to act, which was very difficult to get. Gradually most people got accustomed to the fact that they had the right to obtain help from the state and the following relationship – the state as a provider of all benefits and services and the people as recipients deprived of any real influence on the shape and quality of benefits – became dominant in social consciousness.

The state monopoly in the social sphere, however, turned out to be more formal than real in many aspects. Firstly, in many cases a family was still held responsible for the satisfaction of basic needs of its members. Secondly, as it turned out, the state was unable to fulfill its duties to the full both as an employer and as a disposer of 'social wage'. Though it has succeeded in maintaining full employment still it has not been enough to secure a satisfactory level of living. The low wage level made it difficult to base individual wages on the principle of 'a fair's day's work for a fair's day's wage'. In most cases there was no visible connection between the productivity of a single worker and the wage he received. In many cases part of the wage fulfilled the function of social benefit rather than the means of a reward for achieved work. So, when we add to this the substantial size of excessive employment, quite contrary to the original intentions the right to work has been changed into the right to wage – low, but certain.

For the majority of the employed the level of living safeguarded by such a wage was unacceptable, hence individual welfare depended not so much on official earnings from ordinary work but rather on many different additional sources of income. The centrally planned economy had its own, specific 'socialist' market and its own

competition for privileges, fringe benefits, access to scarce goods and services etc. This second or third division of the national product was based on very unclear, discretionary principles; in many cases individual or group standard of living depended more on meritocratic selection than on work performance.

On the other hand, despite significant development in the social sphere the state failed to reach a satisfactory level in meeting many major needs. It forced people to seek other ways to increase the degree of satisfaction of their needs. Reinforcement of the family role in meeting these needs was one of the answers. Another was mutual aid. The third was quasi-privatization of some of the social services.

1.3. Degree of solidarity – universalism versus selectivity

According to the Polish constitution of 1952 social rights were granted to every citizen. It was accompanied, however, with more or less explicitly stated assumption that social programmes would be organized to suit first of all the needs of 'working people' and their families. In principle it was tantamount to an almost universal system of benefits and services, since according to common belief in a socialist society, owing to the policy of practically full employment, there would be no place for non-working people. The interpretation of who belonged to the 'working people' had substantially changed over time. In the late 1980s. the social security system covered almost the entire population, though it still favoured employees in the socialized sectors.

Some important features of residualism had, nevertheless, been preserved. Firstly, those who were not working or had not worked sufficiently long enough had to rely on their families or on social welfare, with a social stigma attached to all recipients of public assistance. Secondly, many benefits and services were means-tested and they were granted only to people with incomes below a certain, sometimes very low, level. In the years before the fall of socialism in Poland, the selectivity of some programmes had been substantially strengthened.

As one can see it's difficult to classify the Polish model of social policy under socialism. Structurally it had many features of both the institutional/socialdemocratic and the achievement-performance/conservative-corporatist models. The strong public sector and state authorities as providers of almost all benefits and services on the one side, and the strict (although sometimes only formal), ties between rights and duties, work performance and individual welfare and relative importance of the selective measures on the other. The state had been able to secure a minimum or a decent standard of living practically all citizens, but it had failed to achieve the expected and promised level in meeting many major needs. On the one hand the institutionalization of social policy resulted in people being deprived of the responsibility for their welfare, on the other hand the same people were forced to compete with others in order to maintain or to improve their living standard. Consequently

a quite unexpected welfare-mix had emerged: the 'almost' omnipotent state exercising formally full control over the conditions of living of the population, and individuals and families with limited possibilities of activity but still substantially dependent on the 'socialist' market forces, in meeting their needs.

Moreover – as is evident from the above analysis, similarities with social policy models existing in market economy countries were only superficial. Nominally similar measures or policies were based on completely different philosophies and served different purposes. In conservative-corporatist regimes social insurance is used as a common solidarity measure of protection against major social risks. In socialist countries social insurance served as an instrument of state paternalism: employers were forced to pay social security contributions for their employees, but insurance funds were regarded – more or less formally – as national budget resources and benefits were treated, both by politicians and employees, more like a manifestation of state benevolence and responsibility than as a typical insurance compensation, earned by virtue of work.

As concerns strict connections between work status and individual welfare and between social rights and duties, it can be said that in reality social policy in Poland – as well as in other socialist countries – had little to do with traditional self reliance ideology. As it was already mentioned, access to most social services and benefits was work related. However, due to a low wage levels, the standard of living depended more on individual's working place and her or his ability to compete on the 'socialist market' than on work performance.

Simultaneously the relations between work and 'social wage' had been very unclear. Although the access to benefits and services had to be earned, 'social wage' had been considered primarily as a gift from the socialist state rather than a citizen's (or employee's) right. A gift, which very often had been distributed according to discretionary principles. So in practice it was the state which ought to be praised for its benevolence.

In the social democratic regimes the leading role of the state in social policy has nothing to do with paternalism or benevolence. There was also a fundamental difference in the perception of social rights and of the notion of universality. In Poland only the rights to work and to education were unconditional; all other rights were dependent on participation in work. Consequently, universality was identified not as everybody's right to certain standard of living but as the universal right to work.

To summarize, in socialist Poland – contrary to market economy countries – social policy was deeply rooted in production and the primary distribution of national income. Owing to the practically full employment almost all citizens had sufficient guarantees that their basic needs would be met. As in other real socialist countries certainty of work and wages constituted the basis of peoples' social security. Although wages and benefits were kept on a low level and the quality of social

services was often unsatisfactory, nevertheless a relatively high level of existential security was assured.

The second – specific to socialist countries – pillar of social security was based on high state subsidies of the cost of almost all basic goods, e.g. foodstuffs, housing, public transport, recreation, and an almost universal, free access to a wide range of social services.

The third pillar of social security was the quite well developed system of social benefits and services. In Poland it conformed in principle to the norms and standards set by The International Labor Organization's conventions and by various international pacts. The extension of coverage and the amount of benefits were on an average European level. Moreover, taking into account the much lower level of GDP per capita, Poland allocated more resources to social policy than West European countries at a similar stage of economic development.

The other characteristic feature of the socialist social policy was connected to a very large extent with the employer's responsibility for the satisfaction of many important needs of their employees, especially with regard to housing, health care and recreation.

Hence, in the former socialist countries participation in formal employment was the key to at least a minimal or modest standard of living, secured by incomes from wages and consumption from common funds. In reality, however, the access to many scarce or higher quality goods and services depended more on privileges or occupational benefits than on ordinary wages. Money only played a minor role in the secondary or tertiary division of the national product. On the 'socialist' market meritocratic selection usually replaced work performance.

Looking from another perspective, one may say that social policy strategies of the former socialist countries – and certainly that of Poland – had all the major features of the dominant European model of welfare [Gough 1997, p. 80] i.e. relatively high level of social expenditures, predominance of transfers and insurance-based programs, high level of intergenerational solidarity, great importance attached to the development of social infrastructure, relatively low levels of poverty and inequality.

2. Polish social policy facing challenges of post-socialist transformation

The transformation process almost immediately led to a removal of the former foundations of social policy. Full employment policy had changed into high unemployment. High state subsidies of the cost of basic commodities and services were withdrawn or very seriously reduced. Fees were introduced or increased

for many previously free or very cheap public services. For a lot of citizens these changes were accompanied by steeply falling real incomes, especially in the first years of transformation. One has to add on top of this the very substantial reduction in the social activity of enterprises, which in order to become competitive had tried to reduce their involvement in the satisfaction of needs of their employees as much as possible, abandoning or seriously limiting various directly unprofitable activities.

In practice this meant that basic social security pillars specific to socialist social policy had ceased to exist. In our opinion, the most important feature left over from the former model is a deep conviction – shared both by the majority of citizens and policy makers – that it is the state that bears ultimate responsibility for the resolution of social problems or – at least – for the compensation for market failures.³ Hence, in the last two decades social policy has been, on the one hand, a reaction to the processes of marketization of the economy and democratization of the political system, and on the hand a response to various pressures connected with the above mentioned responsibility. This has resulted in a very mixed system of needs satisfaction, to a great extent based on the market performance of each citizen, but still strongly relying on various public aid activities.

Not surprisingly, the disappearance of socialist guarantees of social security have led to the emergence of unemployment, a steep decline in the living standards of the population, and a marked increase in the range of unsatisfied needs and growing poverty. Due to these developments, the initial spontaneous public confidence in a market economy has changed into widespread public discontent, as hopes for a much better standard of living for all have clashed with growing uncertainty, deprivation and inequality for many more citizens than was anticipated at the start of the reform process. In the face of rapidly eroding popular support for the radical economic transition a need for complementing stabilization programs and structural reforms with an appropriate social safety net has become evident.⁴

Initially, the new market oriented safety net was based on four types of measures. The first group included the introduction of entirely new benefits, such as generous and easily accessible unemployment compensation and related benefits. Simultaneously, social assistance was adapted to deliver income support (apart from the old-aged and disabled) also to other individuals and families with inadequate income due to unemployment, high housing costs, and serious health care needs. Next, index-linking mechanisms of social benefits have been improved. As a consequence, pensions retained their value, constituting one of the most reliable sources

³ Such a view has been constantly supported by about $\frac{3}{4}$ of the population surveyed in consecutive public opinion polls in 1990s. and 2000s [CBOS 2010b].

⁴ For a more detailed description of the evolution of Polish social policy during transformation see: [Golinowska et al. 2008].

of income during transformation and becoming a very attractive alternative to work for people having difficulties in keeping or finding a job.

Although the above mentioned measures have been alleviated existing social problems and the population's falling standard of living, the cost of maintaining (in certain cases initially relatively generous) safety net arrangements has been beyond the financing capacity of the economy. Since late 1991 we have seen the gradual deterioration of uprating and index-linking mechanisms of social benefits, reducing the amount and restricting access to certain benefits as well as a much stricter targeting of public aid.⁵ Faced with mounting social costs and diminishing financial means, the government has been forced to curtail first of all expenditures other than wages, pensions and cash allowances. As a consequence, income maintenance programs have crowded out expenditure on social sectors related to human capital formation and similarly in health, education and other social services sectors salaries have crowded out all other types of recurrent expenditure and capital investments. This has a devastating effect on the quality of social services, as well as accelerating the already rapid deterioration of the social infrastructure. Thus, while aggregate private consumption has been relatively well protected, consumption from common funds has appreciably decreased.

These changes in public policies are taking place alongside a spontaneous privatization of the process of needs satisfaction. Those people who are dissatisfied with the quality of public social services or have difficulties in immediate access to them choose private providers of those services. Such behaviour is not entirely new for Polish citizens. Even in the centrally planned economy, contrary to most other socialist states, it was possible to buy some private services or to obtain better quality of publicly provided help through the 'socialist' market. A new element is the scale of such attitudes, which is becoming more and more common with the rising income levels of many Polish citizens and with the gradually developing private insurance and services market.⁶

In our opinion, the spontaneous privatization of the process of needs satisfaction has led to a division of society and today we can distinguish 3 main groups, having very different strategies of needs satisfaction.

The first group consists of people relying almost entirely on market solutions, especially in such services as education, health and other care services. These people

⁵ For example, unemployment compensation, initially set at 70 percent of previous earnings, already in 1993 was changed into flat-rate benefit equal to 36 percent of the average wage. From 1996 the rate has been set freely by government. Due to several changes in the eligibility criteria, percentage of unemployed having the right to compensation dropped from 79.2 percent in 1990 to 30.5 percent in 1997 and to around 20 percent (or even less) in the first decade of the XXI century. The remaining unemployed have to rely on social assistance or on their families.

⁶ For example, in 2000 38.6% of the population surveyed used both public and private health care, in 2011 the percentage of such public/private health care users rose to 49.1% [*Diagnoza społeczna 2011*, p. 120].

use public services only exceptionally, mainly when those are of a very high quality and relatively easily accessible, e.g. secondary or tertiary education. People belonging to this group have the right to obtain social insurance cash benefits, and in this case private insurance provides only an additional income for them. In the case of public services they have to pay for these services – in the form of progressive taxes – and they have additionally to pay for the private services they use.

The second group consists of people who are not in a position to buy private services, and who rely principally on public services. This group bears all the negative outcomes connected with the deteriorating quality of public services and sometimes very difficult access to such services.

In the case of this group we also observe the process of ‘refamilization’ of the process of needs satisfaction. Due to limited access to some services, or due to introduction of various forms of co-payments, low income families have to perform a growing number of services by themselves.⁷

For the third group public services constitute the main and normal source of services, and private alternatives are used when the quality of public services is too low, when access to such services is difficult or seriously restricted, or when somebody is looking for exceptionally high quality services. For those using private services this translates into the necessity to limit other forms of their private consumption. Hence, they should be vitally interested in the high quality of public services and easy access to them. But in practice it is much easier to buy private services than to exert effective pressure on public authorities and politicians in order to achieve the necessary quality of public services.

It is too early to estimate the size of these groups, first of all due to the still poorly developed private market for certain services, very weak interest in buying private insurance against major social risks, and the compulsory character of social insurances. Furthermore, some health care services provided by for-profit bodies are entirely or partly refunded from The National Health Fund.

Most probably about 20–25 percent of income earners have sufficient capacity to cover costs of private services with relative ease. However, in 2002–2012 only 5–8 per cent of the surveyed population exclusively used private health care, and barely 3.5 percent private hospital services [*Diagnoza społeczna* 2009; CBOS 2012], while a great majority of top income earners used both private and public health services. According to these polls, between 29 and 43 percent of the surveyed population sometimes paid for health services and for further 4–6 percent the costs of private health care were covered by employers. Hence, one could assume that slightly be-

⁷ The best example of such a process can be traced in the sphere of care of small children. In order to limit the public costs of care parents were compelled to contribute financially to the maintenance of preschools. For many low income households it is too costly and in consequence children of these families stay at home, under the supervision of mothers.

low 50 percent of the households rely almost entirely on public services,⁸ which more or less corresponds with the number of people living below the so called social minimum.⁹

Even if it is poorly developed, the very existence of a private market of services seriously hampers efforts to maintain the necessary quality of public services. The upper strata of Polish society, that is those with high incomes, are almost totally disinterested in public sector services, as they rely heavily on market solutions. The middle strata concentrate rather on finding ways to buy private services than on demanding increased expenditure for public services.

But as a consequence of the simultaneous presence of these two strategies: paternalistic and market oriented – the Polish social welfare system is very incoherent; public and individual arrangements are interspersed in meeting almost all social needs.¹⁰

3. Search for a new post-socialist social policy model in Poland

By the beginning of 2013, more than 20 years since the transformation process started, it is evident that one has failed to craft a commonly acceptable social policy strategy capable of replacing the former ‘quarantees’ of ‘communism’. During this time economic goals have clearly prevailed over social aims. Social programs have been seen much more as a burden on the reform process than as an important positive factor of society’s transformation and economic growth. Moreover, the process of political and economic transformation has not been accompanied by any coherent vision of social policy, indicating its intentional future model. Policy makers have been putting all their hopes in improving the effectiveness of the economy even at

⁸ However, in 2009–2012 the percentage of the population surveyed not using private health services decreased from 46–48 per cent in 2002–2005 to 36 per cent in 2012, probably due to difficult access to public services and their unsatisfactory quality [CBOS 2012].

⁹ One of the most common measures of absolute poverty in Poland. Its level is based on the cost of a basket of goods and services considered necessary to lead a decent life.

¹⁰ Just to provide one example from the labour market policy. Unemployment benefits in Poland are currently extremely modest. In reforming the system of unemployment compensations politicians have followed recommendations of foreign experts of liberal origin, who advocated for an introduction of as low benefits as possible, unrelated to previous level of wages and flat rate. In addition there are quite strict time limits of the payment of these benefits. At the same time the state was (or in some cases still is) heavily subsidizing certain sectors of the Polish economy, like the mining, steel and ship building sectors. So we had about 2–3 million unemployed each month with very small or no benefits at all and several thousand potentially unemployed in some public enterprises who were able (and in many cases still are) to exert very strong pressure on government to maintain their jobs.

a very high social cost, believing that economic growth will provide the means to solve social problems. Indeed, after an initial substantial decrease of GDP, Poland is on a path of more or less stable growth. However, social policy strategy has not so much been determined by the pace of that growth, but rather by a type of economic system which is being built in Poland, and by certain social phenomena, which were caused by its radical marketization and restructuring.

After twenty years of transformation Poland has a sub subsidiary economy, heavily dependent on foreign investments and on the conditions and atmosphere prevailing in world markets. The change from a society of 'scarcity' of almost all goods and services to a society with a surplus of supply over demand has not been accompanied by an adequate increase in the possibilities of acquiring higher incomes for the whole working age population. On the contrary, Polish society as a whole has to limit consumption in order to finance restructuring of the economy and to repay public debts. Moreover, those who cannot participate in the market game are numerous. During transformation the employment ratio of the population aged 15–59¹¹ decreased from 74.4 per cent in 1989 to 54.8 in 2003 and afterwards rose to 64.3 per cent in 2010 [TransMonee 2012]. The same ratio for the population aged 15–64 fell from 58.1 per cent in 1990–99 to 54.4 in 2000–09, and rose to 59.2 per cent in 2011 [OECD 2012].¹² The rate of unemployment increased from practically 0 in 1989 to 16.5 per cent in 1994 and to 19.7 in 2002. In subsequent years the rate of unemployment decreased to 8.5 per cent in 2008 and rose to 9.8 per cent in 2011 [TransMonee 2012; OECD 2012].¹³

Polish post-socialist social policy from the perspective of the principles of distribution, the role of the state, and the degree of solidarity

Compared to the previous period, **the principles of redistribution** have changed relatively less than the other above variables. Although in the present Constitution of 1997 'working people' and their families lost their privileged position, the right to benefits and their amount depends further on employment and (or) membership in the social insurance system. One could even say that in the recent several years the interrelationship between work and the right to benefits has been strengthened; most of socially grounded advantages in the calculation of pensions have

¹¹ Such an age range is more suitable for Poland, because of the lower pensionable age for women (60 years up to 2012).

¹² Exceptionally low is the employment rate of older workers aged 55 to 64 – in 2011 it was only 47.8 per cent for males and 27.3 for females [OECD 2012].

¹³ Long-term unemployment reached 55.2 per cent of the total unemployment in 2005. Afterwards, due to active labour market policy measures, its level significantly decreased, namely to 25.2 percent in 2009 and 31.6 percent in 2011 [OECD 2010a, 2012].

been abolished, and future retirement cash benefits are going to be much more – than in the old scheme-related to individual incomes from work by a system of fixed contributions (instead of fixed benefits) and individual pension accounts. Moreover, those outside the official labour market are practically denied access to public health care and are referred to the social assistance system, with drastically low income thresholds.

Universal flat-rate benefits granted upon citizenship have very little further significance. Admittedly, two new social benefits of this type have been introduced; relatively modest flat rate universal birth grant and family benefit (practically only for truly needy households). A traditionally hostile public attitude towards unconditional public aid, however, has not changed. It was very clearly visible during public consultation of pension reform in the late 1990s, when a proposition to introduce a universal minimum pension for all the old aged independently of their working record had been definitely rejected.

The second variable concerns **the role of the state**. Here the changes have been most visible. The adaptation of social policy to an emerging market environment resulted in breaking of the state monopoly in the satisfaction of many needs, especially in the sphere of pensions, housing, education, child and old age care, recreation, and also – to a constantly increasing degree – in health care. As a result of a removal of various administrative barriers hindering development of private or third sector's activities a substantial number of for profit or non for profit institutions active in the social sphere have been created, and the public authorities have ceased to be the only provider of social services.

Those developments, however, have been accompanied by the maintenance of state responsibilities for the satisfaction of basic peoples' needs, as public authorities couldn't free themselves from that responsibility due to very strong pressure exercised on them by the majority of society, especially by all losers of the transformation process. That pressure resulted in the preservation of the system of cash social benefits.

Furthermore the scale of services provided by NGOs is still very modest compared to the range of unsatisfied needs, hence the third sector as yet does not constitute an important alternative to public services.

In reality the system of basic needs satisfaction is still based much more on state responsibility than on for-profit institutions. There are practically no serious incentives to enter the – still poorly developed – private market of insurance against major social risks. There is also no possibility to avoid paying compulsory contributions to the public social insurance system, and the third, voluntary tier of pension system has so far attracted only a slim minority of future pensioners.

Despite the legacy of 'Solidarity', it seems that the **level of solidarity** in Polish social policy is even lower than before transformation. The social security system has strengthened its insurance character and group interests or family ties clearly

predominate over broad solidarity of equal members of a coherent society. Those outside the labour market or those with a short working record are more and more frequently referred to social assistance. Persistent unemployment has not changed a negative bias towards unconditional universal social benefits.

Moreover, in everyday life solidarity mainly manifests itself in spontaneous participation in short term charitable campaigns, the long term personal involvement in humanitarian activities is less frequent.¹⁴

4. How can the current social policy model in Poland be described?

It is certainly still a ‘model in the making’ – both in Poland and other CEECs – hence it is too early to classify social policy in post-socialist states. Nevertheless, certain trends in the creation of post-socialist social policy strategy in Poland are already visible.

Firstly, there is no return to the former socialist model of social policy based on full employment and on state monopoly in the provision of benefits and services.

Secondly, using the Esping-Andersen typology of welfare state regimes, the Polish model resembles most the conservative-corporatist regime, in which the right to public aid and the amount of that aid is very strongly connected with the labour market status of each citizen. Another feature shared with the conservative-corporatist regime is the compulsory character of the social insurance system – all employees are required to contribute to that system.

However, we can also find common features with two other regimes.

What is common in the liberal regime?

- A relatively strong connection between the satisfaction of basic needs and the labour market performance of citizens,
- Quite wide income differentials between various strata of Polish society: income gaps in Poland are much wider than in continental Europe and Hungary and the Czech Republic, but still not as wide as in the USA.¹⁵
- Very visible selectivity in the construction of social benefits other than insurance benefits.

What is common in the social democratic regime?

¹⁴ In 2009 about 20 percent of surveyed Poles were engaged in unpaid activity for the benefit of others, and only 6 percent worked as volunteers [CBOS 2010a].

¹⁵ In 2000–2011 the income Gini coefficient for these countries was as follows: Czech Republic – 25.8 (2000–2010), Hungary – 31.2, Poland – 34.2, United States – 40.8 [Human Development Report 2010, 2011].

In our opinion the role of the state, which is still the main actor responsible for satisfaction of the basic needs of the majority of Polish society.

These remarks correspond with frequent opinions in the literature on the rather mixed or hybrid character of post-socialist social policy.¹⁶ We are of the opinion that the emerging Polish social policy model also has a distinctive hybrid character. However, the philosophy behind this model is based on a very specific mix of socialist, conservative and liberal values, resulting in a qualitatively different social policy strategy than in traditional welfare regimes. Moreover, all CEE countries are on a lower level of socio-economic development, and are operating in substantially different economic conditions.

Hence, the similarities with social policy regimes characteristic for 'old' market economy countries remain rather superficial.

Despite very visible strengthening of ties between level of wages and productivity of labour and the more evident insurance character of the social insurance schemes,¹⁷ the system is still functioning more like a paternalistic and protective state institution than as an instrument of mutual solidarity. Admittedly, employees have been forced to pay a part of their social security contributions, but such deposits are regarded more like taxes than as an individual share in common risk funds. Attempts to increase individual contributions (health insurance) or to introduce new ones (care insurance) are opposed on the same grounds as taxes.

The increased importance of means-tested benefits in Poland is evident, though not as a direct result of liberal ideology, but rather an outcome of budgetary financial constraints.

The paternalistic state, and not the community or individuals, is still regarded as principally responsible for the satisfaction of basic needs at least and for the attainment of the modest quality of social services.¹⁸ The majority of the Polish population is entitled to some social benefits and use social services more or less frequently. And even when they decide to buy themselves better quality services or try to avoid paying required social security contributions or taxes, they still evaluate politicians by their ability to secure the satisfactory standard of living for the population as a whole.

In our opinion, the most characteristic feature of the dual nature of the emerging Polish social policy model is the simultaneous presence of two major currents:

¹⁶ The emerging social policy model is characterized as an 'anti-liberal, statist, hierarchical, socialist mix, with conservative elements thrown in' [Ferge 1992, p. 207], 'post-communist conservative corporatism' or 'liberal capitalist' [Deacon 1993], 'conservative corporatism with universalist safety belts in vital areas' or 'slowly collapsing state paternalism unable to face the challenges of market economy' [Potucek 1994], 'continental-liberal hybrid' [Gans-Morse & Orenstein 2007], 'joint outcome of "the past" and "the West"' [Offe 2009].

¹⁷ Especially old-age pensions.

¹⁸ See sum up of the results of public opinion polls on democracy [CBOS 2010].

paternalistic and market-oriented. Therefore, we describe the present social policy model as a **paternalistic-market hybrid**, underlining its very profound inconsistency:

- the level of satisfaction of the increasing number of needs and of the increasing number of people is heavily connected with the market performance of citizens,
- on the other hand, the state retains high responsibility for the satisfaction of these needs for the majority of citizens and tries to exert strict control over private and third sector actors dealing with activities connected with needs satisfaction.

We believe that as a result of the interaction between the above mentioned currents three distinct models of basic needs satisfaction will emerge in Poland in the near future.

- the first, based mainly on market solutions, restricted to the affluent minority,
- the second, based on state responsibility, for the low-income strata,
- the third, based primarily on state responsibility, but with more or less frequently used escape routes to paid alternatives in the search for higher benefits or for better quality services, for middle-income strata.

Looking from the perspective of path-departure and path-dependence one can distinguish two examples of major path-departure in Polish social policy owing to transformation. The first I would call a partial 'recommodification' of the process of basic needs satisfaction, the second the removal of all, specific to socialist model, major guarantees of social security, like full employment, subsidies to prices of basic goods and services, extensive employers' responsibility for the well-being of employees.

By 'recommodification' I mean here that money regained the key role in securing the living standard of the Polish population, replacing the participation in formal employment and the almost universal access to consumption from common funds. Such a 'recommodification' is only partial, because a minimum level of existence and an access to basic social services are still secured by public authorities. However, even low income families have to finance the access to higher or even modest quality goods and services directly by themselves, as they could not continue to use the mechanisms of the 'socialist' market to improve their level of living.

Taking into account the gravity of these path-departures, the ensuing changes in the social security system have been astonishingly slight. The reform of the old-age pension scheme contained various incentives to increase the individual work effort, admittedly, but in reality their impact has been insignificant so far and the state is very reluctant to introduce effective measures strengthening a citizens' capacity to be responsible for their welfare and social security.

In turn, the major path-dependent feature of the socialist model of social policy has been state responsibility for societal well-being and social security of citizens. Despite several attempts to substantially limit the leading role of the state, public

authorities, and not citizens, are still held responsible for the resolution of social problems and for the satisfaction of social needs.¹⁹

Conclusions

A sub subsidiary economy like Poland, unable to generate a high rate of employment, marked by a low average level of wages and deep income inequalities, functioning in a democratic country with a strong legacy of state paternalism, cannot provide fertile ground for both liberal and social democratic social policy regimes. In my opinion, such a country is doomed to develop a dual social policy model comprised of public and market-based sectors. The significance of each sector will constantly change, but both have a 'safe' place in a post-socialist social policy strategy during transition. It is very unlikely that such an economy would provide the means to secure a commonly expected level of social benefits and quality of social services. In such a situation people, in search for better quality and/or easily accessed help, will turn to private, individually paid solutions.

A possible increase in the average level of wages and rising income inequalities will further stimulate such behaviour. However, even in times of high economic growth one should not expect the far reaching marketization of social policy, leading for example, to exemption of high-income employees from paying social security contributions or to the introduction of a complex system of tax concessions for people choosing private solutions.

On the other hand, in a democratic country, in which about half the population does not fare well in the market economy, priority must be given to the maintenance of at least a minimum level of social benefits and services. In other words, one should not expect any significant decrease in the social costs of work, as is required by liberal economists. However, it is also impossible to significantly increase these costs, as the Polish economy must remain competitive and attractive for foreign investors.

To conclude, most probably the future Polish social policy model is to be related to the outcome of efforts aimed at improving the quality of public services. Otherwise further spontaneous privatization would be inevitable. However, we think such an improvement will be impossible without a substantial decrease in the level of private consumption of both low- and middle-income citizens in order to devote more funds to finance the public sector. Currently, it seems very naïve to expect that

¹⁹ Its was clearly visible from the consecutive public opinion polls in 1992–2010. The clear majority (between 65–86 per cent of the population surveyed – depending on the type of the particular poll and the year of the survey) considered public responsibility for the satisfaction of social needs as one of the major features of democracy. It referred not only to the basic needs, but also to the overall social welfare of the citizens [CBOS 2010].

ordinary people would accept any further reduction of their already very modest consumption, so probably the scenario of a significant rise in the quality of public sector services is a very unrealistic one.

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