



# **Poverty Relief Policies in Pre- and Post-Transformation Poland: A Polanyian Perspective**

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# **Poverty Relief Policies in Pre- and Post-Transformation Poland: A Polanyian Perspective**

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## **Abstract:**

This working paper investigates the tension between market forces and welfare policies by applying Karl Polanyi's "double movement" study to pre- and post-transformation Poland. The analysis aims at providing a comprehensive perspective on how poverty relief policies impacted and have been impacted by social, economic and political changes. Under socialism, the centralised welfare system promoted egalitarianism but failed to efficiently alleviate poverty. Solidarność, acting as a Polanyian countermovement, turned against the lack of adequate welfare policies. After the transition to capitalism the neoliberal shock therapy with its subsequent retrenchment increased inequality and, hence, poverty remained a substantial issue. Strikes and the electoral success of right-wing populism are analysed as a Polanyian countermovement advocating stronger social protection. The findings highlight how Polish history has been affected by a close interaction between Polanyian counter movements and expanding market forces that were not adequately met by poverty relief policies.

**JEL code:** B24, D33, I32, I38, N34, P16, P2, P36

**Key words:** Marxism, Poverty Distribution, Welfare Effects, Economic History, Political Economy, Transition Economies, Former Socialist States

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## 1. Introduction

Karl Polanyi's influential book *The Great Transformation*, first published in 1944, is still significant 80 years later as its analysis and theoretical work can help to explain much of today's political economy. The paper will use Polanyi's historical study of the 'double movement' as an analytical lens to investigate the tension between market forces and welfare policies. The concept of the double movement describes the idea of a back-and-forth dynamic between social forces, seeking to protect society from its commodification and those in favour of the expansion of market forces (Polanyi, 2001, Chapter Eleven). Using this framework helps to explore the interaction between the supply of poverty relief policies and societal responses. A comparative Polanyian perspective on the many transformations in recent Polish history remains under-researched. Therefore, this paper will try to clarify these interactions and their impact on historical events.

In this paper, I aim to answer the following research question:

*How can Polanyi's 'double movement' theory be applied to understand the interaction between poverty relief policies and societal dynamics in pre- and post-transformation Poland?*

I hypothesise that the application of Polanyi's 'double movement' concept can help to explain the interaction between poverty relief policies and societal responses. These responses, exemplified by movements such as the union Solidarity (Solidarność) and the electoral success of the party Law and Justice (*Prawo i Sprawiedliwość*, PiS), reveal the tension between economic liberalism and welfare policies, which is also present within these movements. The hypothesis shall be tested in the following by the analysis of secondary literature.

To address the research question, I will first provide an overview of Polanyi's work and on the existing research on welfare states. Afterwards, a brief overview on the available research will be offered and, within the framework of my methodology, the paper's limitations will be discussed. The following two chapters address the pre-transformation period of Poland – 1944 to 1989 – and the post-transformation period until the year 2015. Both chapters analyse the developments within society and politics

as well as the welfare state from a Polanyian perspective to understand the mentioned interactions. The last chapter concludes the paper.

## 2. Karl Polanyi and ‘The Great Transformation’

Karl Polanyi’s book *The Great Transformation: The Political and Economic Origins of Our Time* sheds light on the conflicted relationship between capitalism and society. After a thorough analysis of the economic conditions during the period of the gold standard, Polanyi (2001, Chapter Three) revisits the Industrial Revolution of England in the 18<sup>th</sup> century. He contrasts the relationship between society and market before and after the establishment of capitalism. In pre-capitalistic times, the economy was embedded in social relations according to Polanyi (2001, Chapter Five). He describes how markets were contained to the central squares of settlements, where trade was made by means of barter. The market did not expand to national or international markets since these historical markets were confined within social relations. Specific traditions of barter existing in a community prevented the expansion of market forces to other spheres of life and society.

With the term ‘Great Transformation’ the author describes the establishment of industrial capitalism as a social system in England, with the consequential effect on humans and society. The transformation was marked by the establishment of a labour market in England, which had previously been prevented by various laws. Before, the poor was bound to their parish and the Speenhamland Law “introduced no less a social and economic innovation than the ‘right to live’” (Polanyi, 2001, p. 82) by granting a basic income to the poor. With the abolishment of the law in 1834 a national labour market was created which can be seen as the starting point of capitalism (Polanyi, 2001, p. 84). Additionally, an essential part of the ‘Great Transformation’ is the process of enclosures – the appropriation of agrarian land – which, according to Polanyi, destroyed the order of society and turned people “from decent husbandmen into a mob of beggars and thieves” (Polanyi, 2001, p. 37). Polanyi is not entirely clear on the relationship between enclosures and the establishment of the labour market as the starting point of capitalism. Other authors (Moore, 1966, pp. 28-30) highlight,

however, that the enclosure process created ‘surplus peasants’ who consequently moved to urban areas to work in factories.

Two further Polanyian processes are derived from the transformation of society: Polanyi’s concepts of ‘fictive commodities’ and the ‘double movement’. Polanyi defines a market economy as an economic system guided by market prices and self-organisation from which he derives that in the latter system “all production is for sale on the market and that all incomes derive from such sales. Accordingly, there are markets for all elements of industry, not only for goods (always including services) but also for labor, land, and money” (Polanyi, 2001, p. 72). Polanyi labels labour, land and money as ‘fictive commodities’ since they were not produced to be sold. In pre-capitalist times these three factors were essential to the social relations of a community; in capitalism, they became essential for capitalist production and were, hence, commodified. “The commodity description of labor, land, and money is entirely fictitious” (Polanyi, 2001, p. 76) since labour is attached to the human itself, land is not produced but rather is the natural environment around us and money is a token which gains its value through the state or banks.

Polanyi states that society would be demolished if these fictive commodities were subjected to market mechanisms without protection. For instance, the physical and psychological impact on humans would be grave if their labour power were exploited as market forces dictate it. Polanyi assumes that when the Speenhamland Law was abolished, the stark impact of the newly established labour market was immediately met by societal forces of self-protection (Polanyi, 2001, p. 87). The author theorises that the expansion of markets is constantly met by countermovements to protect society from market forces; this is what Polanyi calls the *double movement* (Polanyi, 2001, Chapter Eleven). He describes this movement as a back-and-forth movement between two organising principles. One force is the social class that depends on trading for their income and is consequently in favour of ‘laissez-faire’ liberalism, while the other force includes the working class and landowners<sup>1</sup>, who aim to protect society from the destructive forces of the market (Polanyi, 2001, pp. 138-139).

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<sup>1</sup> While the working class sought answers to market forces through new concepts, the landowners rather looked back to the old system before the *Great Transformation*. Both, however, were against the expansion of liberalism and favoured stronger protection of society (Polanyi, 2001, p. 162).

In the following chapter, I aim to explain the core functions of the welfare state for society before applying this theoretical insight to the Polish case.

### 3. Welfare States and Their Functions

#### 3.1 Welfare State Structures and Their Innovation

In the previous chapter, I outlined Karl Polanyi's *The Great Transformation* and postulated how the so-called double movement interacts with the welfare state and poverty relief policies. This chapter provides an overview of welfare state research.

Marshall (2009, pp. 148-149) defines the entitlement to a "modicum of economic welfare and security" as a social right that is inherent in the concept of citizenship. That is relevant as it establishes a relationship between citizens and the state in which citizens have the *right* to claim welfare, opposing a perspective on welfare as charity or the neoliberal understanding of citizens as petitioners for welfare. Given the adaptability of welfare systems, Offe and Lenhardt (2019) argue that welfare innovation in welfare policies stems from compromises between the demands of labour unions which are, in the long run, in line with the interests of capital in restoring labour power (Offe & Lenhardt, 2019, pp. 24-26). The authors note that these interests are often contradictory; hence, policymaking can stabilise the system by balancing them.

Kaufmann (2009, pp. 228-229) similarly argues that welfare states influence the political, economic, cultural and social fields and thereby create synergetic effects that reinforce one another. Culturally, welfare states help to establish a social order seen as fair, enhancing the state's legitimacy. Politically, they pacify class conflicts; economically, they increase productivity by increasing willingness to work (Kaufmann, 2009, p. 229). Socially, they stabilise private lives which helps to renew labour power. Kaufmann's functions of the welfare state align with Polanyi's concept of the double movement, which aims to protect society from market forces, leading to the described benefits.

Offe and Lenhardt (2019, p. 8) define welfare policies as “die staatliche Bearbeitung des Problems der dauerhaften Transformation von *Nicht-Lohnarbeitern in Lohnarbeiter*“. The creation of a labour market means that people are forced to sell their labour power to earn a living wage. Based on the author’s definition, welfare policies aim at protecting those unable to earn an income on the labour market, such as the elderly, students or invalids.

### 3.2 Welfare States and Poverty

In this second subchapter, the paper will highlight the interaction between poverty and the welfare state. In market societies, poverty is closely linked to the ability to sell one’s labour power. Poverty can be defined as “the absence of sufficient financial resources necessary to meet the basic needs, and the inability for an individual, family or community to use available goods and services at a level acceptable in their environment” (Chmielewska & Zegar, 2018, p. 355). Brady (2009, pp. 71-73) identifies three ways welfare states affect poverty: (1) by reducing the risk of poverty in events such as job loss or illness; (2) by shaping the distribution of economic resources; and (3) by being “shaped by and shape societal ideologies” (Brady, 2009, p. 73). Hence, the extent of poverty relief policies depends on the normative importance of egalitarianism for a given collective (Brady, 2009, p. 73).

Smeeding et al. (1993, p. 230) assume that the financial state of households is impacted by both cash and noncash income, including, for instance, “health care, housing, education, child care, transportation [and] food” (Smeeding et al., 1993, p. 230). These so-called ‘basic public services’ impact poverty, *firstly*, through their redistribution effect on income (Aaberge et al., 2010, p. 330) and, *secondly*, by increasing living standards (Smeeding et al., 1993, p. 253).

Another central mechanism is cash transfer programmes, also called cash benefits. Referring to Slater (2011, p. 251), they aim at enabling “household consumption of basic needs”. Barry (1990, p. 503) notes that their main objective is to stabilise income and prevent poverty as a by-product of the policies, if recipients satisfy certain eligibility criteria.

## 4. Literature Review and Methodology

After I provided an overview of Polanyi's work and welfare state research, I will proceed to the analysis of pre- and post-transformation Poland in the following chapters. While some scholars are analysing post-transformation societal movements through a Polanyian lens (Shields, 2021), this perspective is less prevalent for the socialist period of Poland. There is a rich number of publications on the political and economic history of Poland; especially on the transformation and role of trade unions (Koryś, 2018; Boettke et al., 2023; Stenning, 2003; Rek-Woźniak & Woźniak, 2017). Research on the socialist welfare state in Poland is available but centres around a few experts (Inglot, 2008; Leś, 1985, 1992; Golinowska, 1996, 2009a, 2009b). Respective data is almost completely unavailable or inconsistent for pre-transformation Poland. Scholars such as Inglot (2008) provide data on welfare expenditure, but reliable data on poverty levels is sparse. Institutions such as the World Bank, the United Nations or the European Union did not systematically investigate poverty in socialist Poland either. However, for the post-transformation period of Poland, data is widely available. Most literature addresses the pre- and post-transformation separately rather than comprehensively examining the dynamic interplay between these two periods and highlighting the institutional legacy originating from socialism that is still impacting post-transition Poland. Hence, this paper aims to understand how welfare polices impacted and have been impacted by social, economic and political changes. The study of the systemic transition from socialism to capitalism advances the analysis of welfare states in transition countries.

This paper analyses the effect of structural conditions and policy making on poverty relief in pre- and post-transformation Poland. As Polanyi emphasises the interaction between market forces and social protection, indicators are used that reflect the effectiveness and accessibility of welfare policies, utilising both qualitative and quantitative resources. Qualitative indicators include mostly secondary literature on social housing, health care as well as family benefits and services as they are central features of the redistributive function of the welfare state. As data is sparse for the pre-transformation period I rely on the reports of scholars focusing on poverty and use the state's expenditure on specific cash benefits to highlight the regime's policy aims. For the post-transformation period – where data is widely available – I rely on poverty-,

unemployment- and risk of social exclusion rates to illustrate how poverty in society changed in relation to policy making and structural changes. Additionally, I include the indicator of post-tax income inequality to showcase the effectiveness of the welfare state's redistribution function. The period subject to the paper's analysis will be capped at 2015, with the election of a right-wing government. Even though the impact of policies implemented in 2015 will still be considered until the year 2016/2017, other events are excluded, as the crises of the following years – notably the global COVID-19 pandemic or the full-scale Russian invasion of Ukraine – would diffuse the analysis, taking place outside of the system-inherent logics of Polanyian processes.

## 5. Pre-Transformation Poland

In light of the many crises and the eventual failure of socialism in Poland, one may wonder why welfare did not achieve its pacifying function. To understand this development, an analysis of the interaction between societal movements and poverty relief policies is crucial.

### 5.1 Historical Developments

To answer the research question, it is essential to comprehend the historical context of socialist Poland. This chapter offers a brief overview of the developments from 1945 to 1989.

After the Second World War, Poland became a satellite state of the Soviet Union within the Socialist Bloc (Koryś, 2018, Chapter Ten). The authoritarian socialist party implemented nationalisation and industrialisation policies, leading to stark urbanisation (Jaźdżewska, 2020, pp. 16-17). Before, in 1921, 74 per cent of the working population were either peasants or agricultural labourers (Inglot, 2008, p. 79). Poland remained largely rural until the mid-20th century (Węcławowicz, 2016, p. 65). The share of the population residing in urban areas increased from 33.1 per cent in 1946 to 39 per cent in 1950, and by 1966 more people lived in urban than rural areas (Węcławowicz, 2016, p. 68).

Polish society repeatedly showed resistance against the socialist regime and articulated its demands. When the basic needs of citizens could not be fulfilled anymore in the 1970s and 1980s, factory workers along the Baltic Sea began striking. The ‘Strike Committees’ published their famous 21 demands in August 1980. Of these, 13 addressed social issues, concerning health care, pensions, family allowances, housing and work benefits (Trembicka & Bachrynowski, 2020, pp. 121-124). Later that year, Solidarność emerged as the first official and independent trade union in the Socialist Bloc and its establishment was the beginning of the end of socialism in Central and Eastern Europe (Trembicka & Bachrynowski, 2020, p. 114). The emphasis on social issues highlights the regime’s failure to meet society’s basic needs and hints at Solidarność’s role as a Polanyian countermovement, turning against retrenchment and demanding protection from commodification.

In 1981, Solidarność was declared illegal, martial law was implemented and union members were arrested. At the same time, in an effort to pacify society – in line with Kaufmann (2009, p. 229) – the government increased its welfare spending (Koryś, 2018, p. 270; Inglot, 2008, p. 171). Austerity returned in 1984 (Inglot, 2004, p. 173), keeping Solidarność’s demands relevant. After further strikes in 1989, the government re-legalised Solidarność and at the Round Table negotiations the power was handed over to the democratic opposition. Solidarność, as a Polanyian countermovement, managed to achieve its social demands and restore political freedom.

Due to the scarcity of research on poverty in pre-transformation Poland, a comprehensive data analysis is difficult. Hence, one must rely on descriptive reports from scholars, though these reports are not directly comparable to modern-day data from Poland due to the lack of a uniform definition of poverty. Golinowska (2009b, p. 245) describes that social inequalities increased in the 1970s and the economic hardship of the 1980s extended poverty to large parts of society. George (1987, p. 66) estimates that by the late 1970s, 20 per cent of the urban population lived in poverty. This data underlines the inadequate welfare system that Solidarność opposed.

Though focusing on the interwar period, Kuciel-Frydryszak (2023) highlights the persistent poverty in the countryside which likely increased through the destruction of World War II. The author highlights the social isolation of peasants who mostly worked in agriculture as dependent family members and consumed the (very limited)

surplus products of their work (Kuciel-Frydryszak, 2023, Chapter Nine). Many families lacked sufficient food supplies (Kuciel-Frydryszak, 2023, Chapter Nine) and many children began working at the age of six, leading to perpetuated poverty across generations and high rates of illiteracy (Kuciel-Frydryszak, 2023, Chapter Two and Three). Given the lack of data, Kuciel-Frydryszak sheds light on the omnipresence of severe poverty in rural Poland.

## 5.2 Polanyi and the Socialist System

Having explained the historical circumstances, I first want to establish to what degree Polanyi's concepts apply to socialism. That is needed as Polanyi describes his key concepts, such as fictive commodities, in the context of capitalism. If socialism is seen as a system opposing capitalism it needs further elaboration to determine to what degree market forces – the influence of which is the main concern of Polanyi – were still prevalent in socialism.

First, it's important to note that the countries of the Socialist Bloc were in fact not socialist if socialism is defined as public ownership of the means of production, that is, ownership shall be in the hands of a democratic state (Hodgson, 2019, pp. 36-37). The countries of the Socialist Bloc were neither democratic nor upheld "the claim to freedom" (Polanyi, 2001, p. 268), contrary to Polanyi's perception of socialists. Nonetheless, I will describe Poland as socialist to contrast the pre-1989 system to the capitalist system.

Furthermore, I will argue that concepts such as fictive commodities can be applied to pre-transformation Poland following the subsequent three considerations. *Firstly*, socialism was never fully established. Nationalisation, particularly of (agricultural) land remained incomplete and slowed over time (Koryś, 2018, p. 298). By 1985, 28.5 per cent of the workforce were still employed in non-nationalised sectors (Leś, 1992, pp. 209-210). *Secondly*, systemic inefficiencies led to increased capitalist behaviour since, "in the face of pervasive shortages, he [the 'new socialist man'] was forced to commodify his friendships and familial relations, using them as instruments to supply him with what the command economy could not" (Boettke et al., 2023, p. 53). *Thirdly*, even under central planning land, labour and money remained subjected to economic

exploitation. Money functioned as a token of exchange, labour continued to be a necessity to earn a livelihood (Golinowska, 2009b, p. 220) and land was exploited for the country's industrialisation – despite its ecological and cultural value.

Lastly, similar to the industrialisation of England – at the centre of Polanyi's analysis – industrialisation and urbanisation in Poland were driven by the nationalisation of agricultural land and the exclusion of farmers from social infrastructure (Sekściński, 2013, p. 271; Bański & Wesołowska, 2020, p. 236).

### 5.3 Poverty Relief Policies in Pre-Transformation Poland

With the historical developments of socialist Poland in mind, I now turn to the policies affecting poverty in pre-transformation Poland. First, I will give a general overview of the welfare state's structure and its evolution, then describe relevant public services that were provided, before concluding the chapter with the policy's shortcomings and a discussion.

#### 5.3.1 The Polish Socialist Welfare State and its Development

To begin with, I aim to provide insights into the general theory of socialist welfare states. Novak (2001, p. 112) describes the goal of socialist welfare as to “alleviate poverty and to assist those who are unable to care for themselves, by increasing production, rather than by embarking on a protective policy of income distribution”. The socialist ideology believed that aiming for these goals would be in the best interest of society. The socialist welfare state was based on a ‘dual breadwinner’ model and full employment since welfare eligibility often depended on employment in state companies (Rek-Woźniak & Woźniak, 2017, pp. 248-249).

Golinowska (2009b, p. 220) describes the system's emphasis on employment with the slogan “if you don't work, you don't eat” – larger employers therefore oftentimes provided their own social services. Inefficiencies inherent in the public welfare system increased the usage of assistance by utilising personal relations as well as legal and illegal means of wage earning. The latter included non-nationalised labour or market sales (legal) and bribes or untaxed income (illegal) (Leś, 1985, p. 342).

Leś (1992) describes the Polish welfare state's development after WWII. Initially, the focus laid on alleviating wartime consequences (Leś, 1992, p. 204). Authorities assumed that socialism itself would prevent social issues, reducing welfare needs. This Stalinist period was characterised by minimal social policies and a focus on work discipline (Inglot, 2008, p. 151), with family benefits introduced mainly to pacify society during the advent of the socialist dictatorship (Inglot, 2008, p. 149).

In the late 1950s and 1960s, the second stage of socialist welfare, the state understood that social risks persisted under socialism. Hence, cash benefits were delivered to an increasing circle of recipients at a higher level of quality (Inglot, 2008, p. 157) and the pension system was reformed into three beneficiary categories (Inglot, 2008, p. 153). Despite small improvements, Inglot (2008, p. 161) concludes that the government of the 1960s did not manage to address the increasing inequality in pension benefits and the decrease in social benefits for the working population – especially for women. The retrenchment of the welfare state during this period was, according to the author, one of the reasons for the end of the government under First Secretary Gomułka.

The 1970s constituted the third period of the socialist welfare system. Responding to strikes, the Jaroszewicz government increased welfare spending (Inglot, 2008, p. 164). Inglot (2008, p. 167) emphasises, however, that these improvements in the welfare state were an exception in the history of socialist Poland, following a reoccurring pattern, the increase in spending as a reaction to civil unrest was reversed and channelled to industrial development as soon as protests ceased. Welfare policy aiming at pacification and state legitimacy were thus limited. In the 1970s, private farmers got included in the health- and pension systems; however, not intended as a social policy but as part of a strategy to increase state ownership of agricultural production (Inglot, 2008, p. 169).

In the 1980s, the welfare state was affected by crises in society, economy and politics (Leś, 1992, pp. 205-206). The decade was characterised by the strikes of labour unions and the establishment of Solidarność. As mentioned before, many of the union's demands called for welfare reforms and in an attempt to pacify society some of the demands were implemented by the government. Solidarność's power became even larger in the underground and illegality (Stenning, 2003, p. 765). Government policies increasing spending were followed by austerity measures in the mid-1980s, mirroring

the aforementioned pattern of short-lived increases in welfare spending. The subsequent protests in the late 1980s concluded with the welfare reforms of the Round Table (Inglot, 2008, pp. 174-175). The cyclical pattern of strikes demanding more protection by social policies, concessions by the state, subsequent austerity measures, and renewed strikes resembles Polanyi's concept of the double movement.

Overall, the Polish welfare state diverged from that of other socialist countries. Golinowska (2009b, p. 222) provides several reasons for that argument: *Firstly*, as farmers were excluded from the general welfare system the Polish welfare state cannot be described as universal. *Secondly*, the welfare state only provided a poor network of childcare facilities and hence limited the possibility (of women) to combine paid work with care work. *Thirdly*, non-state actors were allowed to perform welfare services which established them as a power resource for political activism later on. Golinowska (2009b, p. 222) concludes that the welfare state of pre-transformation Poland was limited, underdeveloped and not entirely socialist. Therefore, the welfare state's impact on poverty alleviation was restricted and did not achieve the mentioned compromise between competing interests that might have stabilised the socialist system.

In the following, the Polish socialist welfare state will be analysed in more detail.

### 5.3.2 Poverty Relief Policies

#### 5.3.2.1 Social Housing

Zaniewski (1991, p. 39) describes the theoretical idea that socialism would solve all issues related to housing, as such issues were seen as a result of capitalism, while socialism would guarantee the equal allocation of resources. During the Stalinist period in Poland, the rental market was put under central control which meant that privately owned real estate was allocated to tenants with the rent levels being controlled by the central authorities (Jarosz, 2016, p. 87). Housing for the general population was heavily subsidised but often came with long waiting times (Dutt et al., 1992, p. 154). The scarcity of housing was very evident; with a shortage of 1,4 million apartments in 1985, waiting times reached up to 15 years for cooperative apartments (World Bank, 1987, as cited in Dutt et al., 1992, p. 154). In larger cities, waiting times

could last up to 30 years which affected especially younger people (Zaniewski, 1991, p. 44). In 1984, 27.5 per cent of apartments were considered overcrowded, with overcrowding being defined as a one-room dwelling housing more than 1.5 people (Jarosz, 2016, p. 89). Besides the destruction of the Second World War, another reason for the housing crisis are the system-inherent flaws: Zaniewski (1991) found high inequalities in housing depending on the region and size of the municipality. Cities that were economically important in industrial output, especially in western Poland, received large budgets for the development of dwellings. Smaller cities, mainly in the east, had no way to enhance the living standards in their public housing complexes if they were not determined to be economically important (Zaniewski, 1991, p. 50). The author concludes that the ideological goals of egalitarian housing for society were undermined by economic interests. With that, it can be argued that people faced economic pressure in fulfilling their housing needs, and despite socialist ideals, exposure to market forces was still present. Golinowska (2009b, p. 220) concludes that housing was the “greatest deficit commodity”, with an influence on the housing shortage that can still be observed in post-transformation Poland. Solidarność, as a Polanyian countermovement, turned against this housing deficit and demanded a cut in waiting times for housing (Trembicka & Bachrynowski, 2020, p. 122).

### 5.3.2.2 Health Care

The health care sector was suffering heavily from the destruction of the Second World War. More than 60 per cent of dentists and 50 per cent of doctors did not survive the war which meant that only 2 doctors per 10,000 people were available in 1945 (Kozłowska & Sikorski, 2021, p. 15). Moreover, the process of industrialisation with its increased risk of workplace injuries and, additionally, high alcohol and nicotine consumption led to over-mortality, which only decreased in the 1960s (Golinowska, 2009b, p. 218).

During the Stalinist period of socialist Poland, the authorities aimed at implementing the health care system of the Soviet Union, the so-called ‘Semashko model’. With that, the health care system was nationalised, that is, the staff was employed by the state and facilities run by non-state actors such as the Polish Red Cross were nationalised and put under central command (Puchta, 2014, p. 12; Kozłowska & Sikorski, 2021, p.

23). The state managed to achieve an increase in the number of doctors: in 1970, there were 14.2 doctors per 10,000 residents, and by 1985, this number had improved to 19.6 doctors per 10,000 residents (Podoski, 1987, p. 228). In theory, the health care system was free of charge, universal and comprehensive, and health care was constitutionally defined as a social right (Kozłowska & Sikorski, 2021, p. 26). In practice, independent farmers in the countryside were only included in the public health system as of 1972, following large-scale protests at the beginning of the 1970s (Puchta, 2014, p. 13). Golinowska (2009b, p. 219) argues that the Polish health care system, therefore, consisted of parallel systems as the rural population was served, pre-1972, by private health care facilities that were not covered by public health insurance. Given the poverty in rural Poland described above, these parallel systems can be considered to have had an adverse effect on alleviating poverty. Furthermore, certain occupations enjoyed privileged access to industrial health services, which were delivered at a higher level of quality and included preventive health care (Golinowska, 2009b, p. 219). The author notes that due to these system-inherent inequalities, corruption thrived to circumvent the respective restrictions. Kozłowska and Sikorski (2021, p. 26) further criticise that the health care system was inefficient as the high centralisation meant a lack of adaptability to local conditions.

In summary, health care was not equally available for all citizens and with the heightened risk of work injury due to rapid industrialisation, the protection of society from economic exploitation was neglected in favour of economic interests. Solidarność turned against the consequences of the Polanyian commodification of labour and demanded improved health care, which was supposed to be achieved by improving the conditions of employment and wages for health care workers (Trembicka & Bachrynowski, 2020, p. 124).

#### 5.3.2.3 Family Benefits and Services

Generally, family policies were rather undeveloped in socialist Poland. Compared to other socialist countries, Poland did not establish a sufficient system of childcare facilities that would have allowed for the appropriate combination of paid employment and care work for women. These two forms of labour meant a ‘double burden’ for women within the framework of the socialist two-breadwinner model (Golinowska,

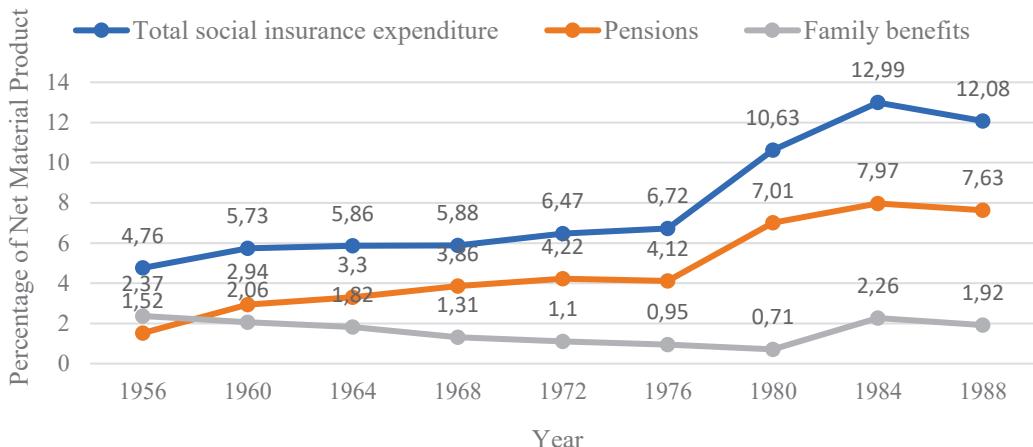
2009b, p. 221). In terms of cash benefits, a system of family allowances was introduced after the Second World War (Kurzynowski, 1987, p. 177). However, family allowances have to be seen as having a “merely symbolic” (Golinowska, 2009b, p. 221) character since the payments were low and rarely adjusted to changes in the economy – at times, the sum would remain unchanged over the period of 21 years. Other forms of family benefits were only introduced in the late years of the socialist regime: three years of paid parental leave were established in the 1980s following respective demands of Solidarność (Inglot, 2008, p. 170).

The policies focusing on families living in poverty were central to the socialist welfare state but, as described, were oftentimes treated with neglect. While the state focused strongly on pension reforms, policies for working women were affected by austerity measures. Figure 1 shows that spending on family benefits decreased between 1956 and 1968 while expenditure on pensions more than doubled. As mentioned before, the introduction of a family allowance had the goal of pacifying society when the socialist government took power (Inglot, 2008, p. 149).

The improvement of social welfare for families and women took a central part in the demands of Solidarność which, therefore, addressed the decreasing relevance of such policies on the government’s agenda. Included in the 21 demands of 1980 were calls for more childcare facilities and the aforementioned extension of paid maternity leave to three years (Trembicka & Bachrynowski, 2020, p. 124).

Figure 1

Social Expenditure for Major Cash Benefits as Percentage of Net Material Product in Poland, 1956-1988



Source: Inglot (2008, p. 159), author's representation

### 5.3.3 The Inefficiency of the Polish Socialist Welfare State

An important reason for the inefficiency of the welfare state and the provision of public services was the aforementioned centralisation of the socialist system. In socialist Poland, public services were provided by the central government after the post-war authorities abolished all local governments in the 1950s (Mikuła & Walaszek, 2016, p. 170). Technically, so-called national councils existed at regional levels; Mikuła and Walaszek (2016, p. 170), however, emphasise that these councils lacked actual power and budgets and, hence, public services remained centralised.

Conceptionally the socialist centralised system was supposed to be the “alternative to the unplanned, chaotic, and crisis-ridden capitalist economy” (Tarkowski, 1983, p. 497). Within this strict hierarchical system, it was theoretically not possible to obtain resources in other ways than through the next higher-up authorities. According to Tarkowski (1983, p. 501), the situation of a scarcity of resources led to, *firstly*, an increase in lower authorities falsifying their need for certain resources in the hope of getting prioritised access. Hence, the system eventually led to increased particularism since local authorities had to falsify data to fulfil their basic needs. Scarcity, *secondly*, also increased the importance of patron-client relationships. That is, resources are

distributed from the central to the regional level utilising personal relationships (Tarkowski, 1983, p. 503). *Lastly*, the scarcity of resources also made bribery more prevalent.

Inglot (2008, p. 168) emphasises that the welfare system was dysfunctional as the expenditure on pensions increased disproportionately. Reasons for the exorbitant spending on pensions were, amongst others, undisclosed benefits the socialist leaders granted themselves as well as bonuses provided to groups central to the socialist ideology, such as miners (Inglot, 2008, p. 168). Boettke et al. (2023, p. 112) furthermore highlight the aforementioned usage of increased social welfare spending as a method to pacify society and resolve strikes as the increased spending was not a result of economic growth and, hence, was financially unsustainable and needed to be retracted later on. The authors additionally note that the egalitarian ideological goals of the socialist government were constantly deprioritised in favour of industrial development. Austerity measures, pressure to increase the workforce and privileges for certain groups run counter to the theoretical ideals of the socialist system. Another source of the system's shortcoming in alleviating poverty efficiently was the lack of an automatic adjustment mechanism to level benefits with prices and income. Hence, benefit levels remained the same for lengthy periods and their intended effect decreased (Leś, 1985, p. 348).

#### 5.4 Polanyian Analysis of Pre-Transformation Poland

The socialist welfare state had highly idealistic goals of egalitarianism and defined many welfare areas as constitutional social rights, aligning with Marshall's (2009, p. 149) concept of social rights. In theory, it is believed that the extent of poverty relief policies depends on the normative importance of egalitarianism (Brady, 2009, p. 73). However, this is not true in the case of pre-transformation Poland. In the early years of socialist Poland, the welfare state was weak as a result of the belief that socialism itself would solve social risks that would necessitate welfare in capitalism (Leś, 1992, p. 204). Later, the expansion of welfare was only a consequence of societal pressure in an attempt by the state to pacify society. This welfare function was unfulfilled since state concessions to social unrest were repeatedly retracted, in a cyclical pattern that

resembles the Polanyian concept of the double movement. (Inglot, 2008). The concessions to Solidarność in the 1980s, in times of a severe economic crisis, came too late for the underfunded welfare state and eventually led to the transformation to capitalism. The movement of unions, with Solidarność as the strongest one, can be analysed as a Polanyian countermovement.

The countermovement of Solidarność responded to the lack of adequate poverty relief policies and the inefficient system of existing policies. Welfare needs were constantly deprioritised in favour of economic interests. System-inherent flaws essentially commodified social relations and increased particularism (Tarkowski, 1983, p. 501; Boettke et al., 2023, p. 53). To answer the research question for the period of pre-transformation Poland, my analysis showed that the lack of poverty relief policies and the flaws of the socialist system led to the countermovement of Solidarność in response.

## 6. Post-Transformation Poland

In the following chapter, I aim to analyse the mentioned interactions for the period of post-transformation Poland, from 1989 until 2015.

### 6.1 Historical Developments

Following the social unrest of the 1980s, the regime collapsed and first elections were held. In 1990, Solidarność leader Lech Wałęsa became post-socialist Poland's first directly elected president (Koryś, 2018, p. 323).

Criticism of state inefficiency has been voiced since the 1980s, making decentralisation one of the first demands of the transformation (Koryś, 2018, p. 326). Liberalism and privatisation became dominant forces of change a few years later under the neoliberal influence of the International Monetary Fund and economic advisors who were academically socialised in the economic orthodoxy of the United States (Koryś, 2018, p. 327). As a result of this influence, the economic transformation was based on the neoliberal Washington Consensus, which included measures such as fiscal discipline, trade liberalisation, state withdrawal from the economy and market based interest rates (Boettke et al., 2023, p. 56).

The term 'shock therapy' derives from the rapid speed of transformation designed to leave no time for the development of social unrest – such as a Polanyian countermovement – in response to the changes (Koryś, 2018, p. 326). The measures implemented can be seen as the Polanyian process of embedding society even further into the economy than it was the case under socialism and exposing people to an increased degree to market forces. Shields (2021, p. 6) highlights that neoliberalism imposes the organising structure of market forces on society. As a consequence of the transformation, many privatised state companies went bankrupt since they proved to be uncompetitive in a capitalist environment. Therefore, unemployment remained a persistent issue, with rates up to 20 per cent at times (Koryś, 2018, p. 337). Agriculture was affected too, with agricultural employment in relation to total employment decreasing from 29 per cent in 1989 to 17 per cent in 2004 (Koryś, 2018, p. 339).

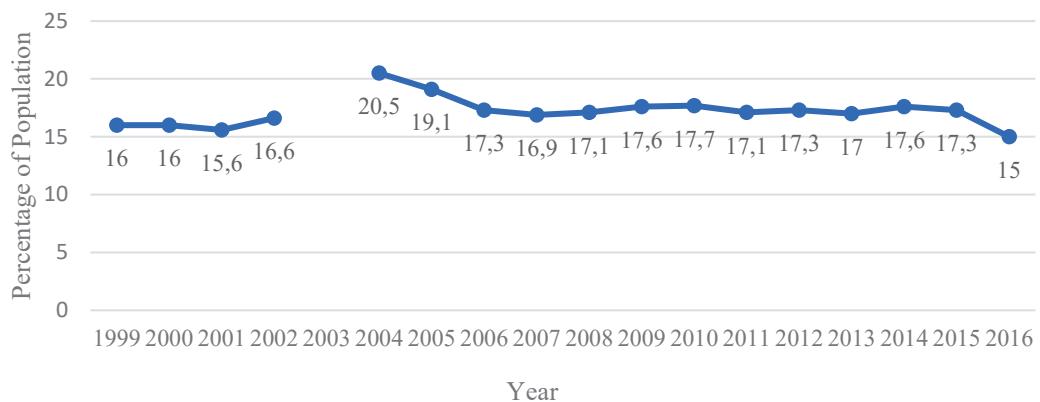
On an international level, the transformation could be witnessed by the breakdown of the Warsaw Pact in 1991 and Poland's orientation towards Western institutions. As early as 1989 a treaty with the European Economic Community was signed, followed by an association agreement in 1991, the application for European Union (EU) membership in 1994, the joining of the North Atlantic Treaty Organization (NATO) in 1999, and EU membership as of the 1<sup>st</sup> of May 2004 (Koryś, 2018, p. 323).

Until the year 2015, Donald Tusk's liberal party Civic Platform (*Platforma Obywatelska*, PO) governed the country for eight continuous years. During this time, the right-wing opposition party Law and Justice (*Prawo i Sprawiedliwość*, PiS), led by Jarosław Kaczyński, shaped its political demands mainly by criticising the neoliberal shock therapy programme and, more generally, 'Western' liberal values (Lendvai-Bainton & Szelewa, 2021, pp. 566-567). In 2015, PiS won both the president's office and the elections to parliament. In light of the neoliberal programme and PiS' anti-neoliberal rhetoric, the electoral success of PiS can be seen as a Polanyian countermovement against the increased influence of market forces. The details of this, however, have to be analysed in the rest of the present chapter.

Post-transformation data on poverty improved, though interest during neoliberal reforms was low, with the poor often blamed for their alleged unwillingness to work (Golinowska, 2009b, p. 245). However, high unemployment soon made the issue of poverty unavoidable. Figure 2 shows that the percentage of people living below the national poverty line increased following the neoliberal reforms of 1999. The national poverty line of Poland is defined at "60 per cent of equivalised median disposable income after social transfers" (World Bank, 2020) and aligns with the standards of the European Union. According to Golinowska (2009b, p. 246) poverty is structural, especially prevalent in rural areas and amongst children and youngsters, as it will be shown later. The continuous low priority of poverty alleviation on the agenda of politicians and the peak in poverty in 2004 (see figure two) helped PiS win the 2005 elections (Golinowska, 2009b, p. 246).

Figure 2

Percentage of Population below National Poverty Line, Poland,  
1999-2002, 2004-2016



Note: No data available for the year 2003

Source: World Bank (2022), author's representation

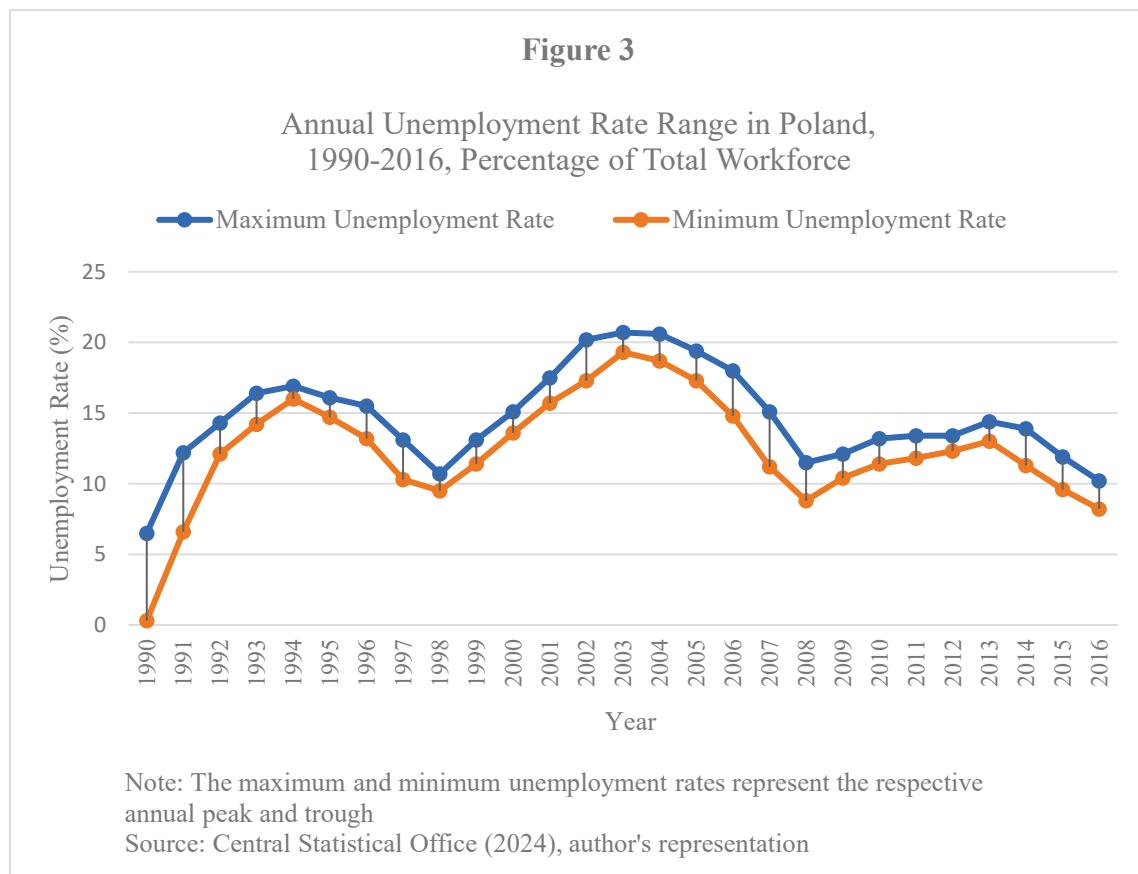
## 6.2 Poverty Relief Policies in Post-Transformation Poland

In the following, a general overview of the development of the welfare state from 1989 until 2015, a description of the policies implemented to alleviate poverty and a Polanyian perspective on the development will be provided.

### 6.2.1 The Welfare State and its Development

While society and the economy were exposed to the mentioned neoliberal shock therapy, the welfare state initially remained largely unchanged. Cerami (2010, p. 241) calls this period “compensation for the transition” meaning that high welfare spending was supposed to pacify society. Two further reasons explain the high spending: *first*, the difficulty of changing institutional pathways due to vested interests (Inglot, 2008, pp. 253-260); *second*, the Solidarność-government’s genuine attempted to implement their demands from the late socialist years. During the first years of transformation, government spending on welfare increased up to 17 per cent of the Gross Domestic

Product (GDP) (Inglot, 2008, pp. 256-261). Apart from this, spending surged due to the pension system's complexity with many different regulations and 'bonus'-programmes (Inglot, 2008, p. 266). Inglot (2008, pp. 268-270) argues that the institutional structures of the socialist welfare system in post-socialism reacted quite well to the economic crisis; however, there was still a vast number of people subjected to poverty due to high unemployment. Figure 3 shows that the unemployment rate increased until the mid-1990s, following the country's economic transition. The high unemployment during the period of transition was to a certain degree expected if not planned by policymakers as they perceived it as a possible way to increase labour productivity for the remaining workforce (Golinowska, 2009b, p. 224). The severity of unemployment, nonetheless, exceeded expectations and was, according to Golinowska, a result of a lack of policies incentivising the creation of jobs.



The second period, "retrenchment through privatisation" (Cerami, 2010, p. 243), followed when high unemployment made the social security system too expensive and debt increased dependencies on creditors who pushed for fiscal reforms (Boettke et al., 2023, p. 118). The liberal government of the late 1990s implemented the 1999

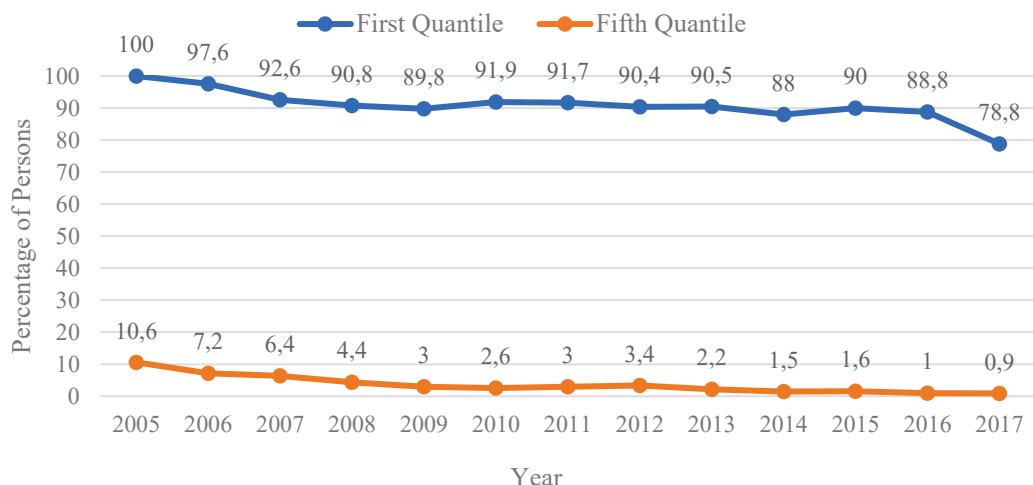
neoliberal reform programme covering all major fields of social policy (Golinowska, 2009b, p. 224). As shown in figure 3, the unemployment rate in Poland experienced a significant increase following the reforms, reaching its peak in 2003 with unemployment rates ranging from 19.3 per cent to 20.7 per cent of the workforce (Central Statistical Office, 2024).

After Poland's accession to the European Union, the unemployment rate decreased to a range of 8.8 per cent to 11.5 per cent by 2008 (Central Statistical Office, 2024) due to EU-funded investments and the emigration of up to 2.5 million Polish citizens, mostly from high-unemployment regions (Rek-Woźniak & Woźniak, 2017, pp. 349-350). The EU-accession alleviated poverty, especially in the countryside: the percentage of household members with expenditure below the level of extreme poverty decreased in the countryside from 18.7 per cent in 2005 to 9.2 per cent in 2008 (Chmielewska & Zegar, 2018, p. 359). Figure 2, furthermore, shows a decline in the overall percentage of people living below the national poverty line threshold following its peak in the year 2004. The reasons for the decline include EU investments, job creation and reduced long-term unemployment (Chmielewska & Zegar, 2018, p. 363). Chmielewska and Zegar (2018, p. 358) note, however, that poverty increased slightly following the global financial crisis; also due to an unequal distribution of advances in housing or incomes.

Figure 4 shows that poverty differentiated severely across different income groups, measured by the percentage of persons at risk of poverty or social exclusion by income quantiles. In the early years of the transformation and following the neoliberal welfare reforms, the risk of poverty or social exclusion was significantly high. 100 per cent of people in the first quantile (lowest 20 per cent of income) faced the aforementioned risks, whereas only 10.6 per cent of those in the fifth quantile (highest 20 per cent of income) were at risk (Eurostat, 2022).

**Figure 4**

Percentage of Individuals at Risk of Poverty or Social Exclusion by Income Quantile, Poland, 2005-2017



Source: Eurostat (2022), author's representation.

Referring to the research question highlights that Solidarność acted as a countermovement to the late-socialist retrenchment and poverty but creditor pressure and the economic condition gradually shifted the welfare state towards a neoliberal logic.

### 6.2.2 Poverty Relief Policies

#### 6.2.2.1 Social Housing

One late-socialist demand of Solidarność was to reduce the waiting time for apartments. The constitution of modern-day Poland describes the satisfaction of citizens' housing needs as an obligation to the public authorities, that is, providing support for private ownership of dwellings and housing for low-income citizens (Muzioł-Węsławowicz, 2012, p. 257). As a consequence of the privatisation programmes of the transition period, the number of privately owned apartments increased. Publicly owned apartments were transferred to municipalities, which sold many of them to their sitting tenants; after 1994 even for less than their assessed value – at discounts of up to 99 per cent – as the maintenance of these apartments was often costly for the respective municipalities (Ogrodowczyk & Marcińczak, 2021, p. 94). In

2009, 70.4 per cent of apartments in Poland were owned privately by their tenants, communal dwellings accounted for 8 per cent and social housing accounted for 0.6 per cent (circa 80,000 units) of apartments (Muzioł-Węclawowicz, 2012, p. 254). In 2005, regulations on rented apartments were liberalised, weakening tenant rights (Muzioł-Węclawowicz, 2012, p. 262). (Social) housing has not been a priority for any government in post-transformation Poland which contributed to a shortage of up to 1.5 million dwellings in the year 2010 (Muzioł-Węclawowicz, 2012, p. 252).

Ogrodowczyk and Marcińczak (2021, p. 92) argue that housing contributes significantly to household wealth, meaning that the privatisation of apartments after the transition was a major factor in the increase in wealth inequality. In that context, the authors also refer to the concept of the 'privatisation trap', describing the cycle of privatising public housing which decreases public ownership, while the construction of new dwellings also assumes their eventual privatisation (Ogrodowczyk & Marcińczak, 2021, p. 92). The privatisation trap, hence, leads to long-term low availability of public housing.

In summary, the housing sector was already inefficient during times of socialism resulting in long waiting times; in capitalism, the low priority of housing and further liberalisation and privatisation further increased the shortage of housing. From a Polanyian perspective, this means further exposure to market forces, increased poverty risk and little protection from the state.

#### 6.2.2.2 Health Care

The process of post-socialist transformation led to the decentralisation of the health care sector. Ownership, management and financing were transferred to the regional level of *voivodeships* (provinces). In 1999, the central health care fund was replaced by seventeen independent funds with respective negative consequences for the harmonisation of quality and access to health care services (Sowada et al., 2019, p. 24). Due to these inequalities, the financing of health care was centralised again four years after its decentralisation. The system remained public but the separate funds were merged into a single one, which established a coherent structure for contracting health care services. Ownership of health care facilities, nonetheless, remained

decentralised with responsibilities being connected to the different levels of self-government (Sowada et al., 2019, p. 26). A major issue for the health care system of post-transformation Poland is the high number of health workers emigrating (Golinowska, 2009b, p. 230).

The universal health care system covers almost the whole population as it is not possible to opt out of insurance (Sowada et al., 2019, pp. 73-74). The health care system is, with about 70 per cent of the budget, financed through insurance contributions that are directly taken from the wages of employees. Further financing is derived from the government's general tax revenue.

Watson (2011, p. 72), similar to the Polanyian concept of the disembedded society, sees the neoliberal structure of the Polish health care system as an example of the “domination of the economy over the political”. While this could also be seen in other parts of society, health care is at the centre of this transformation, consolidating new class structures. Wealth and health inequalities increased after the liberalisation of health care. *Firstly*, health care became an opportunity to gain profit through the commercialisation and privatisation of hospitals as well as through investors dealing with the public debts of hospitals (Watson, 2011, pp. 68-72). *Secondly*, the health care sector was severely underfunded which meant that certain services and pharmaceuticals were not covered by health insurance. Hence, low-income groups were especially exposed to health inequalities as access to uncovered services and pharmaceuticals increasingly depended on income (Watson, 2011, p. 61).

The underfunding of health care also resulted in a decrease in health care staff and low pay for the latter. Between 1999 and 2002 the number of people employed in health care decreased by 92,000 (Watson, 2011, p. 64). Starting in 1999, the year of the first health care reforms, there were large protests by health care employees across the whole country. The largest and most important protests were organised by nurses who criticised the underfunding of health care, their work conditions and wages but more generally turned against issues such as social inequality and poverty in post-socialist Poland (Watson, 2011, p. 64). With clear references to the protests of Solidarność, the nurses aimed to represent “everyone experiencing material hardship” with their slogan “Polska Solidarna Nie Liberalna” [Solidarity Poland Not Liberalism] (Watson, 2011, p. 65). With that, the nurses' protests can be seen as an attempted countermovement

against the neoliberal reinforcement of market forces. The protestors remained, however, largely unsuccessful in achieving their demands.

#### 6.2.2.3 Family Benefits and Services

The post-socialist development of family benefits and services can be separated into two different theoretical concepts according to Szelewa (2017): (1) implicit familialism from 1989 to 2005, and (2) explicit familialism from 2005 to 2015 onwards.

Szelewa (2017, p. 132) defines 'implicit familialism' as a model in which the state is not offering any meaningful assistance for the care of children as women are seen as caregivers. This model can be found in the period from the transition to capitalism until the first PiS-led government in 2005 where the state withdrew from childcare services and financial support for childcare was reduced. Due to the lack of state funding, many facilities closed or raised their fees: nearly all nurseries and 66 per cent of company-owned kindergartens shut down and monthly fees for facilities still operating could make up to 33 per cent – in some cases even 50 per cent – of the average monthly wage (Szelewa, 2017, p. 135). In the mid-1990s, eligibility to receive child allowance became restricted to low-income families and the maximum age was lowered. Szelewa (2017, p. 137) concludes that the period of implicit familialism meant the already insufficient socialist system became even worse as "the austerity-driven privatisation of care was strengthened by the conservative views towards gender roles".

In 2005, PiS won the elections with pro-natalist narratives while the country was debating the low fertility rates (Szelewa, 2017, p. 138). When PO won the 2007 elections and formed a centre-right coalition, it supported a neoliberal agenda but continued the pro-natalist narrative of its political opponent. In terms of childcare services, the government attempted to increase the number of facilities with a law introduced in 2011. However, the impact remained limited as only 7.1 per cent of children under the age of three were attending such facilities in 2015 (Szelewa, 2017, p. 141). The author furthermore notes that the unstable financial support from the state and the possibility for private entities to apply for state funding led essentially to the

commercialisation of childcare facilities as well as to a stark concentration of facilities in urban areas. In 2014, 66 per cent of cities had nurseries compared to only 9 per cent of rural municipalities, and only 37 per cent of these nurseries were publicly owned (Szelewa, 2017, p. 142). Szelewa argues that the limited financial support from the state led to increased fees for nurseries, which often meant that only children from wealthier families could afford them. This worsened the inequality of education along the lines of social classes with a corresponding effect on the risk of poverty.

In 2015, PiS won the majority of seats in the parliament and concluded the path towards ‘explicit familialism’ that it had started in 2005 and which was continued by the PO-run government. In comparison to implicit familialism, explicit familialism is characterised by state allowances for domestic childcare, while the state withdraws further from public childcare services (Szelewa, 2017, pp. 132-133). PiS introduced the ”most expensive social policy programme ever in Poland, including the period of state-socialism” (Szelewa, 2017, p. 145); a child allowance project called ‘500+’. With the introduction of the programme, families with two or more children receive 500 Polish złoty per month and child up to the age of 18. Families or lone parents with one child are excluded as long as they do not fall under a certain income threshold. Nonetheless, for families with several children, the new child allowance helped to reduce poverty: the share of household members with expenditures below the level of extreme poverty constituted 43.5 per cent in 2005 for families with four or more children (Chmielewska & Zegar, 2018, p. 358). After the introduction of the new programme, the share decreased to 14 per cent in 2016 (Chmielewska & Zegar, 2018, p. 358). Furthermore, figure 2 shows a decline in poverty following the year 2015 and the introduction of the child allowance programme. Figure 4 confirms that the decrease in the risk of poverty or social exclusion is especially prevalent for low-income groups. Nonetheless, the allowance’s objectives have to be seen in light of the conservative, traditional family roles of PiS, aiming at increasing fertility rates and paying mainly women for the domestic care of children (Szelewa, 2017, pp. 145-148).

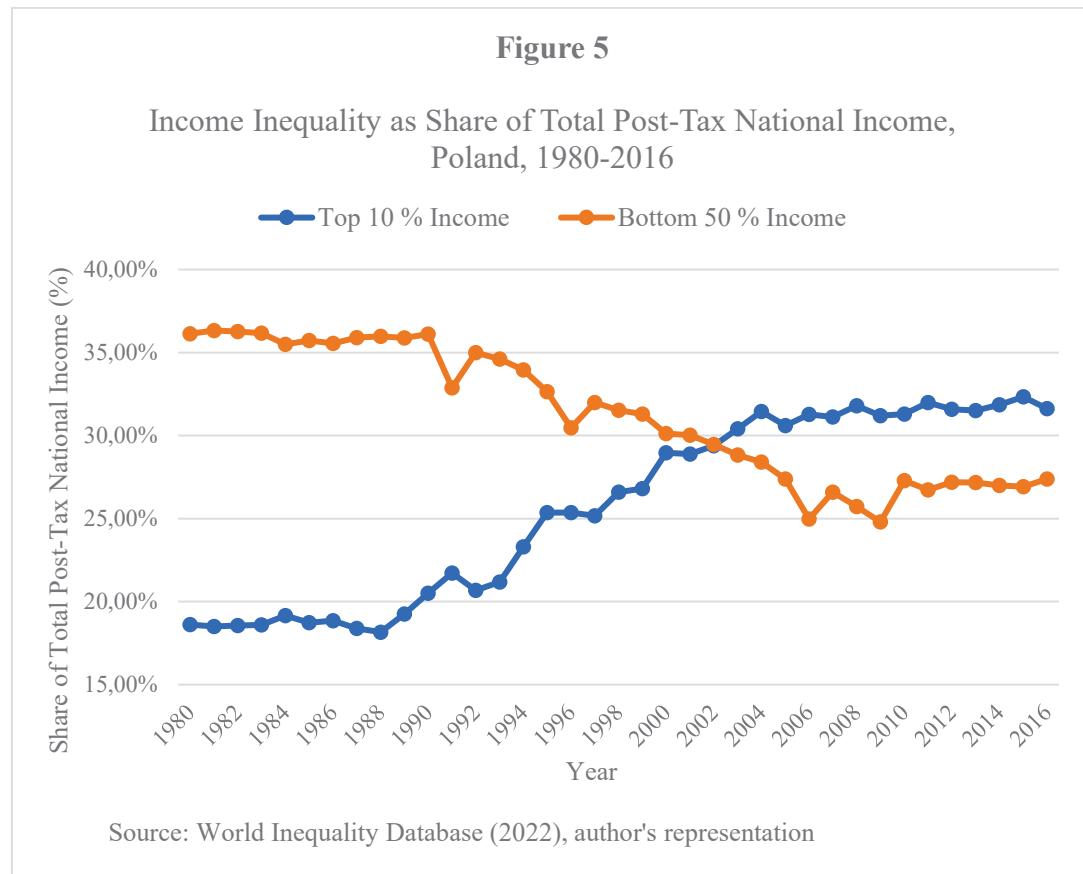
As argued before, the electoral success of PiS can be interpreted as a Polanyian countermovement against neoliberalism and in favour of more welfare protection from market forces. This countermovement is, however, restricted to the societal movement of people voting for PiS and cannot necessarily be applied to the party itself. Shields (2021, p. 2) argues, referring to Polanyi, that countermovements can be “co-opted to

protect neoliberalism". The author believes that the success of populist parties, such as PiS, can be a reaction to neoliberalism but at the same time, these parties can still promote neoliberalism themselves. Analysing the '500+' programme, Shields states that the family allowance – in line with PiS' conservative gender and family values – can be seen as reinforcing the neoliberal logic. It aims at the capitalist reproduction of workers and essentially pays women to stay at home to conduct care work instead of the state providing social services. This pushes the responsibility for welfare and care away from the state into the domestic sphere. This is underlined by comparing the 5.54 billion euros annually spent on the '500+' programme to the 23.8 million euros spent on nurseries per year (Szelewa, 2017, p. 145). It is, furthermore, estimated that circa 100,000 women departed from the workforce by the year 2017; while women remaining employed are more likely to live in urban areas and being higher educated (Shields, 2021, pp. 12-13). These numbers imply that for women with lower incomes, the family allowance constitutes a larger share of their overall income, which might incentivise them stronger to stay at home than wealthier, better educated women.

### 6.3 Polanyian Analysis of Post-Transformation Poland

As a consequence of the inefficiency of the socialist welfare state and the retrenchment efforts of the 1980s, Solidarność demanded more social protection from the welfare state. Once the union leaders took government responsibility, they increased expenditure and left the welfare state largely untouched until the major welfare reform in 1999 (Golinowska, 2009b, p. 224). With the 1999 reforms, the neoliberal logic was imposed on the welfare system. With capitalism as the dominant structuring element, society was embedded in the economy and people were increasingly exposed to market forces. As shown above, most poverty relief policies did not achieve a significant reduction in poverty or the risk of poverty or social exclusion. Only the accession to the European Union and the 2015 child allowance have shown a higher impact. Nevertheless, the differences between income classes in their risk of poverty or social exclusion remained substantial. Furthermore, figure 5 shows that income inequality in Poland has increased substantially. While individuals belonging to the top ten per cent income group constituted 18.6 per cent of the total post-tax national income in 1980, their share increased and surpassed that of the bottom 50 per cent of

income earners following the year 2002 (World Inequality Database, 2022). This trend starts with the transformation from socialism to capitalism and increases with the implementation of neoliberal reforms. The data clearly underlines that income was more equally distributed under socialism but became more unequal under neoliberal capitalism.



In the framework of the Polanyian argument, the nurses' protests can be interpreted as the first countermovement of the post-transformation period. The nurses, who were referring to the previous countermovement of Solidarność, turned against social inequality and poverty (Watson, 2011, p. 64). The neoliberal retrenchment of welfare meant that citizens became petitioners for welfare in contrast to Marshall's (2009, pp. 148-149) understanding of a "modicum of economic welfare and security" as a social right. The protests in post-transformation Poland – the strikes of the nurses or the pro-abortion movements, for instance, – show that, as a consequence of the lack of adequate social protection, the welfare state's function of pacifying society could not be achieved anymore.

The success of PiS in the 2015 elections can, therefore, be seen as a countermovement; the party campaigned with strong anti-neoliberal rhetoric and the promise of stronger welfare state policies. Following Shields' (2021) argument, PiS itself successfully co-opted the countermovement to continue essentially a neoliberal agenda. The electoral success of the party supports the notion that countermovements may help to improve the flexibility of capitalism in democracies since it allows for the satisfaction of welfare needs which contributes to the regulation of market forces (Offe, 2019a, p. xiii; Stephens, 1986, p. 1).

Hence, analysing the period of post-transformation Poland reveals that the lack of adequate poverty relief policies giving rise to poverty stimulated countermovements in response.

## 7. Conclusion

This working paper attempted to answer the following:

*How can Polanyi's 'double movement' theory be applied to understand the interaction between poverty relief policies and societal dynamics in pre- and post-transformation Poland?*

I hypothesised that the Polanyian concept of the double movement would help to explain the interaction in question. Furthermore, I suggested that Solidarność and the electoral success of PiS show the tension between liberalism and welfare policies, which would also be present within these societal movements.

Through my analysis, it can be concluded that the hypothesis is confirmed. The socialist system of pre-transformation Poland constitutionally inscribed certain welfare provisions as social rights and upheld the normative value of egalitarianism. However, the ideological objectives run counter the lived practice of poverty relief policies as they were severely underfunded and inefficient. Solidarność, as a Polanyian countermovement, turned against the lack of social protection and the government's retrenchment efforts and ultimately facilitated the transformation to capitalism. Therefore, the hypothesised tension between liberalism and welfare can also be

observed within the movement as their initial demand for certain policy reforms turned into a general opposition to the system that enabled the transformation to capitalism with its neoliberal character. This neoliberalism necessitated the countermovements of the post-transformation era.

In the period of post-transformation Poland, the 1999 welfare state reforms imposed the neoliberal logic on the welfare state, with increasing income inequality and a significantly high risk of poverty or social exclusion. The nurses' strikes and the electoral success of PiS as Polanyian were identified as countermovements. The nurses protested against social inequality and poverty but were largely unsuccessful in achieving the implementation of their demands (Watson, 2011, p. 64). The success of PiS in the 2015 elections was a result of the party's anti-neoliberal rhetoric and an election programme promising the improvement of welfare state policies. While this election victory can be viewed as a countermovement, the party's policies nonetheless continue to support neoliberalism, framed within a pro-natalist narrative. Furthermore, it supports the flexibility of capitalism through the satisfaction of welfare needs and the regulation of market forces within the democratic system (Offe, 2019a, p. xiii; Stephens, 1986, p. 1).

The paper shows that throughout the history of pre- and post-transformation Poland there have been several examples of close interactions between inadequate poverty relief policies and consequential Polanyian countermovements demanding stronger social protection from market forces.

As the paper already covers an extensive period, from the Yalta Conference to the 2015 government of PiS, more recent events could not be included in the analysis. It is reasonable to believe that the COVID-19 pandemic and the full-scale Russian invasion of Ukraine may obscure the theoretical lens of the Polanyian double movement. Nonetheless, further research would be required to discuss the recent electoral success of the centre-left government led by the PO from a Polanyian perspective.

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