

Book review

Tadeusz Kowalik, *www.polska transformacja.pl*. Warszawa:
Warszawskie Wydawnictwo Literackie MUZA: 2009: 278:
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In one of his last published books¹, the late Professor Tadeusz Kowalik made effort to assess the post-1989 transformation of Polish economy. This book is special, because its author takes, on the basis of his own personal experiences, a very critical stand towards the neo-liberal reforms introduced by Leszek Balcerowicz. The main thesis of the book is that the ‘shock-therapy’ administered by Balcerowicz and his accolades was not only unnecessary but in fact harmed the Polish society who has been paying the price of those reforms up to this day, the clear evidence of which is, for example, a huge extent of social exclusion and high portion of citizens living in poverty. The author was always sensitive to social injustice, and a reader can easily see his attitude emanating from the pages of the book. Kowalik never really came to terms with the choices made by political elites of Poland in the early 1990s and their long-lasting consequences. In his view, the key decisions were taken back then by a narrow, powerful circle without true social consultation. The decision-makers unilaterally imposed their point of view and the manner in which the reforms were implemented. In Kowalik’s opinion some of the reforms could have been introduced in a different way and at a different pace, for instance, the state should not have hurried so much with liberalization and privatization. Kowalik claims that the major political error committed at the time came from a naïve assumption that there were only two possible paths of development: socialism or market economy, while, in fact, there were numerous alternative scenarios available, presented by Janos Kornai in his

¹ In 2012 the book, translated by Eliza Lewandowska, was published in English under the title *From Solidarity to Sellout* by Monthly Review Press.

prominent book 'The Way to Free Economy' or in a textbook 'From Marx to market' by Polish expatriate economists Włodzimierz Brus of Oxford and Kazimierz Łaski of Linz.

A single decision to dissolve state agricultural farms (PGR) left some half million people formerly employed by those entities jobless and two million of their household members struggling to survive without steady sources of income. Approximately 600 leading state-controlled enterprises disappeared in the abyss of National Investment Funds (a relatively unsuccessful privatization programme launched in 1995). The author insists that there were no grounds for introducing a transformation inspired by the Anglo-Saxon model of political economy, cherished and promoted by Balcerowicz. In 1980 Poland witnessed an emergence of the mass trade union movement of the 'Solidarity' which addressed radical social agenda. Quick and spectacular abandonment of the original programme of the 'Solidarity' in 1989 was irrational and unfair. In the 1990s the world of labour received a treatment as harsh and ignorant as the handling of the society exercised by the Communist government. According to Kowalik, the choice of the mode of transformation was taken in an undemocratic way, which should be seen as nothing more but a betrayal of the 'Solidarity's' original ideas. In his book www.Polska transformacja.pl, Kowalik challenges the TINA ('there is no alternative') myth. The author presents a thorough analysis of Polish transformation inspired by the politics of Ronald Reagan and Margaret Thatcher. Paradoxically, while the USA and the UK would gradually move away from the free-market orthodoxy, Poland stayed on the course set by the principles of the Washington Consensus. Kowalik notes that Poland willingly accepted the most radical recipe of the IMF, something that surprised even Jeffrey Sachs, who acted as an advisor to Tadeusz Mazowiecki's government in 1990–1991 period. Neo-liberalism put into action produced many disastrous effects (e.g. the Tequila Crisis in Mexico, the Russian crisis of 1997, the Asian crisis of 1997, and, finally, the global crisis of 2008). Neo-liberalism is responsible for an unprecedented transfer of wealth from the poor to the rich, dismantlement of the welfare state, and empowerment of multinational corporations. Weaknesses and discontinuities of the doctrine were repeatedly exposed by eminent thinkers (e.g. Joseph Stiglitz, George Soros, or Paul Krugman). In spite of all that, neo-liberalism is still held in high esteem by Polish elites, which phenomenon was hardly accepted by Tadeusz Kowalik. In his own words, www.Polska transformacja.pl should not just be seen as a disapproving commentary on the Polish transformation but also serve as a manifesto of an urgent need to build new socio-economic order. So, the radical critique of the reforms of the past two decades expressed in the book really aims at addressing the 'reform

of the reforms' programme, or, at least, if such an objective proves unattainable, at propelling a debate. Although the author admits that in 1989 Poland wasted a chance to take another path, in his eyes, it is never too late to look for new political solutions and build a new socio-economic order advancing the principles of social justice to a larger extent.

Social costs of the mistakes made by the politicians are extremely high; the market economy model engineered in Poland after 1989 produced such social ills as long-term unemployment, social degradation of various occupational groups, or sudden growth in income disparities which nowadays belong to the largest across Europe. As Kowalik claims, those negative phenomena are a result of a deliberate disregard on the part of Polish political elites to other feasible scenarios for transformation, such as Swedish model or German *Soziale Marktwirtschaft*.

Even though the book was published in 2009, it does not seem outdated and still should be considered a vital voice in the debate over the effects of the post-1989 transformation. While many readers may find the theses formulated by the author disputable, it must be emphasized that all are based on solid theoretical and empirical foundations. Furthermore, in his reasoning Kowalik is careful not to mix opinions with facts. The spectrum of issues taken into account is very wide, and they are all treated in a way which leaves the readers impressed with the author's erudition. Kowalik's boldness in forwarding radical judgments is clearly an invitation to engage into discussion and polemics.

The main thesis of the book had in fact been formulated few years prior to its completion. In 2006, Kowalik wrote that 'if we believe that it is the economy which should serve people, and not the other way around, it is obvious that we have built an anti-social socio-economic order, one of the most unjust systems in Europe'². This sentence sounds very emotional, yet the author's passionate tone should not overshadow theoretically and empirically viable arguments advanced in the book for the sake of critique of Balcerowicz and the vast part of the political class. Kowalik simply found it very hard to forgive the elites for paving the way for the rise of social inequalities and wasting away what had been worth preserving in the economy of real socialism.

The book consists of 15 chapters, divided into three parts:

1. Shock as therapy;
2. Exclusive privatisation;
3. Thinking about future.

² Citation translated by the reviewer.

The book is arranged in a chronological order, under the author's guidance readers follow the events which first triggered the process of transformation and later formed a political, economic and social context for the reforms of Balcerowicz. In the last part, Kowalik aims to summarize all main episodes of the transformation process in the light of current challenges posed by the ongoing global economic crisis.

As mentioned above, the overall picture of the transformation sketched by Kowalik is dark. Unfortunately, the picture is not comprehensive as well, which is a more serious shortcoming. For the field of analysis the author deliberately chose specific areas of social and economic life, those where social problems became very acute. For example, the extent of social exclusion, while being an important measure of a country's socio-economic development, is not the only one that could be employed in the analysis, even though from individual perspective it is probably the most important one. It is true that income disparities are very much stretched, and that some 2.5 million people³ in Poland live under permanent threat of poverty. These are serious socio-economic developmental challenges and key social policy issues. On the other hand, Polish economy continued to grow, even after 2008, and Poles felt threatened by the effects of the economic crisis to a moderate degree only, as survey research suggested. In comparison to the early 1990s, nowadays the material standards of living in Polish households are much better on average. Furthermore, the quality of life also improved, for example in such area as natural environment. However, those issues were omitted from the analysis, which might be surprising to the readers familiar with Kowalik's previous writings, where they had often received substantial coverage.

With his book, Tadeusz Kowalik followed into the footsteps of David Ost, who also provided critical and pessimistic view on post-1989 transformation in Poland in 'The Defeat of Solidarity'. Unlike Ost, though, whose account is written from the perspective of an outsider, Kowalik commented from a position of an immediate witness to the events covered in his book.

In the end, anyone who dares voice their opinions on the transformation in Poland, and the rest of the Central and Eastern Europe as well, ought to reach for www.Polska.transformacja.pl, regardless of whether they are going to adhere to the author's arguments or reject them. A very critical, in-depth analysis delivered by

³ In particular, the increase in extent of people living in absolute poverty in Poland after 2010 up to 6.7% (it was falling between 2005 and 2007 and remained stable at 5.7% between 2008 and 2010) is a worrisome phenomenon. The relative figure, which may appear quite modest at first glance, in fact translates to more than 2.5 million people.

Tadeusz Kowalik is a true inspiration for further debates and studies over what was happening in the post-socialist Europe in 1990s.

References

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