

**“A GREEN ISLAND” OR “A NEVER-LAND”?
POLES IN THE FACE OF THE CONTEMPORARY
ECONOMIC CRISIS**

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Summary: In 2009 Poland was the only EU member state which recorded the increase in gross domestic product (GDP). In media reports and during the press conferences of the representatives of the Polish government the economic map of Europe was presented with red colour dominating - representing the decrease in GDP. Green colour, symbolising the increase, was only visible within the borders of Poland. Therefore, Poland was declared “a green island”. Some economic commentators emphasised either great internal market or weakening zloty which favoured the export of Polish goods and services as an increase drive. The Prime Minister and the ministers indicated their own merits convincing the citizens that the increase in GDP in Poland is to a great extent thanks to an effective government policy. Some, especially during discussions which were far from economic realities, emphasised the importance of the EU funds which have been stimulating Polish growth. In fact, these funds cannot influence the reverse of negative trends in the Polish economy. Their size in an annual perspective equals 3% of Polish GDP. Economic and political analyses seldom indicate, perhaps only indirectly, the cultural phenomenon, which discloses only after sociological surveys. Although the Polish economy has recorded some growth, despite a slight growth, the crisis has also affected Poland and Poles still feel its effects (weakening zloty, unemployment increase, cessation of the dynamics of salary increase, decrease in the value of the investment funds units and company shares). As the crisis in Poland has assumed a *light* form, does Poland deserve being called “a green island” or perhaps “a

never-land” where the optimistic economic data are rather apparent? In this article I will try to show the attitudes of Poles towards the global economic crisis as well as interpret this state. The basic reference consists of the results of the opinion polls.

Keywords: economic crisis, Poland, „green island”, politics, global economy.

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Economic and political analyses seldom indicate, perhaps only indirectly, the cultural phenomenon, which discloses only after sociological surveys. Although the Polish economy has recorded some growth, despite a slight growth, the crisis has also affected Poland and Poles still feel its effects (weakening zloty, unemployment increase, cessation of the dynamics of salary increase, decrease in the value of the investment funds units and company shares) [Czekaj 2010: 199-201]. However, despite this, Poles, who are usually

regarded as pessimists and with tendencies to complain, have not given in to the global hysteria triggered by the financial markets, and therefore a slight growth in GDP has appeared. Polish people have not broken off with consumer lifestyle, which is a peculiar phenomenon on a European scale. Despite the temporary decrease in retail at the initial stage of the global crisis, already in the first quarter of 2009 there were some signs of improvement. In March 2009 12% growth in retail in a monthly frame was reported. However, in an annual ratio, until March 2008 a slight decrease of one percentage point was reported [Słaby 2009: 20-21].

As the crisis in Poland has assumed a *light* form, does Poland deserve being called “a green island” or perhaps “a never-land” where the optimistic economic data are rather apparent?

In this article I will try to show the attitudes of Poles towards the global economic crisis as well as interpret this state. The basic reference consists of the results of the opinion polls. The crisis which occurred in the global economy in the second half of 2008 is a phenomenon which has been sufficiently described by the economists and therefore I do not intend to analyse its sources or its course and I will not attempt any econometric extrapolations. I will focus on Polish phenomenon but not its economic aspect but rather on its social and cultural one. I will make use of the method called civilizational explanation which enables to present this issue in a broader context. The crisis will be perceived as a phenomenon in a process of changes of civilizational character [Chodubski 1998].

The opinion polls as well as consumer behaviour survey show that Poles are aware of the crisis situation in the global economy but what is interesting is that they do not transfer it onto the personal ground to such an extent as their neighbours: the Czechs, Slovaks and Hungarians [Wenzel 2009b: 2]. They show more optimism in this matter which obviously has both advantages and disadvantages; that will be discussed further on in this article. At the beginning of the crisis in November 2008 75% of the respondents declared that their household did not sense it. However, in February 2009 due to media propaganda the number of those declaring the sense of crisis in their own household with the number of

those who did not sense it equalled (48% each group), a month later the number of those who sensed the crisis decreased to 44% and people declaring lack of the connection between the economic situation of their household with the global crisis increased to 52%. The most bothersome effect of the crisis for Poles is a lack of possibilities of additional work which affects the decrease in the household income. 22% of the respondents indicated that inconvenience. Especially the unemployed, seeking jobs in 'black economy, sensed the crisis. Most of them remained without any job. The income has also decreased in the group of industrial and construction workers which was connected with the limitation of overtime, bonuses and difficult situation of exporting companies. More affluent Poles sense the crisis due to the decrease in the value of their wealth which they have invested in stocks or units of investment funds. This inconvenience was sensed by almost 8% of the respondents. 5% of the respondents indicated the increase in foreign currency debt service, mainly in Swiss francs. However, 52% of the respondents with credits in Swiss francs indicated the inconvenience connected with the increase in the credit instalment and debt. 4% of the respondents claimed that they lost their job as a result of the global crisis [Wenzel 2009a: 2-3].

Paradoxically, lack of the negative perception of the influence of the economic crisis on own household did not affect the trust towards state and private financial institutions. Poles are rather critical towards government activity and they express doubts concerning the state economy. At the beginning of the crisis Polish people were asked about their predictions concerning the influence of the crisis on the financial situation in their household, in state economy and in their workplace. Only 12% of the respondents expressed the opinion that the crisis will not have any influence on the Polish economy. 60% stated that it will have an influence and 12% stated that it has already affected the economy.

Taking the situation in the family and in the workplace into consideration, 40% of the respondents maintained that the crisis will not have a negative effect on the situation in the family (39%) and in the workplace (44%). No more than 40% said that it will have some influence. 8% of the respondents thought that that the crisis has already affected their family

and 5% that it has influenced their workplace. Rather optimistic perception of the situation in the household and workplace is not accompanied by a positive evaluation of the Polish economy. 48% of the respondents believed that the Polish economy is badly prepared for the financial crisis. Only 23% claimed that it is well prepared. However, only 1% from those 23% stated that the Polish economy is prepared very well. The remaining respondents were more careful and said that the Polish economy is rather well-prepared for the crisis. 29% of those interviewed had no opinion on that matter [Wenzel 2008: 4-5].

Poles do not show a definite lack of trust towards financial institutions. It particularly concerns the banks and to a lesser degree investment funds and insurance companies. 58% of those interviewed in 2009 claimed that they have trust towards the banks. At the same time majority of the respondents (48%) claim that in current situation banks do not guarantee the profits from the funds entrusted to them and they do not treat the clients as partners (54%) only caring for their own business (76%). Poles also think that banks use too high margins and usurious interest rates [Pankowski 2009: 2-8].

Along with the symptoms of the crisis the banks started to tighten the criteria for granting a loan. In case of mortgages, taken especially in foreign currencies, usually in Swiss francs, the bankers sometimes induced their clients to re-negotiate the loan agreement demanding higher collaterals and the change of the interest rate of the credit connected with the decrease in the value of the property and therefore the decrease in client's own contribution. Moreover, they started to introduce additional, often hidden, charges for account, savings account and credit maintenance.

Due to a dramatic decrease in the value of zloty the losses were felt by the entrepreneurs who have decided on so-called currency option. When, during the boom on world's stock exchange, and also on Warsaw stock exchange, zloty was strengthening to the level endangering the interests of exporters, the banks offered the possibility to make 'bets' on the exchange rate of zloty. Currency options protected the foreign currency income of the companies against the increase in the value of zloty. However, when zloty was losing its value,

many companies deciding on these types of agreements with the banks started to face bankruptcy. According to Polish Financial Supervision Authority in the first quarter of 2009 the financial liabilities arising from currency option agreements amounted to 15bn PLN (approximately € 4 bn). What is interesting is that despite such a difficult situation connected with currency options and debts in foreign currencies, Poles do not usually have problems with their financial liabilities. In 2007 when the Polish economy recorded a relatively high growth of GDP and zloty was breaking the records of value and in the phase of recovering from recession in 2010 the number of people declaring the regularity of repayments (90%) and those having problems with it (10%) was the same. The crisis did not intensify the phenomenon of clients' insolvency. The problems with repayments generally concern the unemployed and people with lower incomes. However, it concerns the period before as well as after the crisis [Kowalczyk 2010:8].

In my opinion three endogenous factors decide on the approach of the Polish society towards the global economic crisis:

- (1) Historical experience of economic crisis in communistic times and in 'shock transformation' after 1989
- (2) Disclosing disproportions at the social and economic level in Poland
- (3) Specific Polish mentality which can be described as 'it will be somehow'

Even nowadays people in their thirties remember 'hard times' at the end of communism. The end of 1970s and the whole decade of 1980s were permanently connected with the economic crisis. The era of Edward Gierek, 1st Secretary of the Polish United Workers' Party 1970-1980, ended up in Poland having a gigantic debt and the shortage of the basic consumer goods. Toilet paper, ham, coffee and citrus fruit were considered as 'luxurious goods' in People's Republic of Poland. Not to even mention one's own flat and a flat allocation one had to wait for decades. A lot of goods such meat, cosmetics, sweets, shoes and even vodka were sold for special vouchers which determined the quantity of a given product a person could purchase. In fact, there was a guarantee of employment but Polish currency was worthless. The salary of an average

Pole converted into dollars using black market exchange rate was no more than \$ 25. As a matter of fact it was a structural crisis. The crisis which affected almost every family in Poland. It was a real crisis. It did not concern the virtual finances. It affected the quality of life of an individual and a family to a much greater extent than the present crisis. If most of contemporary adult Poles remember the times of permanent shortages then they perceive the today's crisis in a different way.

The psyche of Polish people was hardened immunizing against the crisis hysteria with its 'shock therapy'. Poles learnt how to function in difficult economic conditions which in comparison with the current situation seem much more bothersome. Since the beginning of the reforms which were initiated in 1989 by the minister of finances and later the chairman of the National Bank of Poland professor Leszek Balcerowicz, Poles have experienced the uncomfortable situation of the lack of stability of employment. Their world did not collapse after the crisis like it did for the Greeks or other nations who were accustomed to the life in the conditions of welfare state. After years of communism Poles entered the phase of predatory capitalism. The state has not created the conditions of the social security. Therefore, even the threat of job loss at the time of global crisis does not seem that terrifying as a Polish worker with the sense of job temporariness in a given company has been functioning for two decades. A job loss due to lack of an extended social security benefits requires instant professional activation. Long-term unemployment without unemployment benefit is an alternative. The state only guarantees health insurance. The situation on the labour market has not changed as a result of the crisis.

Currently, the unemployment rate in Poland is lower than in 2006. In 2010 there were 2mln unemployed Poles. The unemployment rate was slightly higher than 12%. In 2006, 2 years before the crisis, there were 2.3mln unemployed Poles which constituted approximately 15% of people in their working age. Before Poland's accession to the EU the unemployment amounted to 20% [Central Statistical Office].

One of the characteristics of Polish society is a great disproportion in social and economic development. It is visible

in a vertical arrangement as well as in a horizontal one. In the first case it is a pay disproportion, and in the second one a regional diversity. Polish society has not yet managed to create economically and politically important middle class which is typical of well-off Western societies. A distinguishing mark of a middle class is generally higher education, mental work and high pay enabling not only the survival but also ensuring rather high standard of life. It was believed that the middle class would emerge from the intellectuals. It is a particular Central and Western European social creation which emerged in the 19th century and survived the period of communism. Its basic attribute was academic education and sensitivity to social issues.

However, despite cultural capital, the intellectuals, with the exception of few professions, did not possess economic capital. Together with the popularisation of higher education, the reduction of the intellectuals' importance and depreciation of education which were their basic attribute appeared. This process started during communism when the social promotion of the youth of rural and working background occurred. Due to social and political activity the youth managed to gain a wider access to education also at the academic level. New intellectuals of the first generation were born even though the academic education retained its elitism quality. It concerns especially the universities with a long tradition. In 1988 fewer than 5% of Poles had a higher education. When the rules of the free market were introduced into higher education at the beginning of 1990s it caused a mass depreciation of high education diplomas. This peculiar educational revolution led to a disappearance of the intellectuals but it was not connected with the birth of a new middle class. Firstly, due to the fact that mental workers, especially employed in the public sector (doctors, teachers, scholars, clerks, culture workers), were generally low-paid. Their salaries were spent on overheads and food. Secondly, a lot of people with high education decided on a job below their qualifications, also physical work, which does not assume belonging to a middle class.

What is then the connection with the present crisis? The crisis has affected the social class that has achieved certain level of life. First of all, it affected currently created middle class. Not the intellectuals but a social class adapting

to new civilizational realities, most often young, educated, well-paid and mobile people. In Poland this group started to be called 'franc generation'. Of course Swiss franc. The name originated from the mortgage which they could afford to buy a flat or a house. At that time the mortgages taken in Swiss francs were the most popular as they were much cheaper than those in zloty, dollars or euro. Along with the world crisis Polish zloty was depreciated compared to the main world currencies. For many people the increase in the value of Swiss franc was shocking. It affected the increase of the instalment and debt while converting into zloty. Furthermore, emerging middle class had their savings invested into investment funds. The reduction of the units of these funds led to reduction of the wealth of that class.

Briefly speaking, the crises affected these social and professional groups who could afford to become the victims of the crisis. For the workers who were not so well-paid and who were not the shareholders and who could not afford to take a mortgage, this economic situation did not deteriorate in such a dramatic way. Obviously, Central Statistical Office recorded the increase in the unemployment rate. It is just slightly above 10% and at the moment it is much lower than before the accession to the EU when it reached 20%. It is true that the inflation rose and the prices of some basic goods went up. However, this increase was just a continuation of the trends before the crisis. And it is hard to indicate the relation between the increasing inflation and the global crisis.

This stratification of Polish society and the influence of the crisis on the well-off part of the society show the specific form of the crisis processes. It is the phase in the civilizational development which affects this social group the most which has achieved resources (financial, cultural) enabling them to function in a new civilizational reality. It is the crisis of virtual world, virtual money. For sure it interferes with the real world. Nevertheless, Poland, being slightly civilizationally belated in comparison with post-industrial societies of the West, is experiencing this crisis in a specific way. The crisis has affected those who by their profession and capital belong to the post-industrial world. Those who live in the industrial order (industrial worker, low-paid staff of service sector) and in a traditional one (farmers) have been affected to a lesser

extent. It has not affected them directly. Why? Because taking resources into consideration they do not belong to the world in which the crisis goes on.

As I have mentioned before Poland is stratified horizontally. With respect to civilizational development and economic potential there is not one Poland. In mass media and more and more often in research works Poland “A”, “B” and “C” are mentioned. While Poland “A” means quite a dynamic development and modernisation, adapting to the challenges of global economy and European integration as well as changes in moral sphere, Poland “B” and to an even greater extent Poland “C” is the negation of these phenomena and trends. Poland “A” is composed of Polish agglomerations (certainly not all of them) with Warsaw being distinguishingly the richest and the most dynamically developing Polish metropolis. Poland “B” usually constitutes of the rural areas and small towns with relatively high level of social and economic development, e.g. Wielkopolska (Greater Poland), part of Mazowsze (Mazovia) or Pomorskie (Pomerania). Poland “C” is composed of mostly belated regions, located mainly on “the eastern wall”, so along the eastern border.

However, similar social and economic problems are also emerging in the western part of Pomorskie Voivodship. The division of Poland “A”, “B” and “C” is to some degree relevant to the division of “post-industrial”, “industrial” and “rural” Poland. However, each of these regions will have the representatives of post-modern, industrial and rural order – the last group can hardly be found in big cities but they constitute a part of the society existing in its neighbourhood (Modrzejewski 2007: 248]. The global crisis, being interpreted as the crisis of the 21st century, affects especially Poland “A”. It is this group which could afford to take loans, invest savings in the investment funds or stock market, which is confirmed by the survey taking territorial division of Poland into consideration [Czapliński 2009: 58-73]. The inhabitants of this area are the beneficiaries of the changes of civilization which overlapped the economic reforms which have been introduced by Poland since the end of 1980s. Poland “B” and “C” has been affected by the crisis but not directly. The problems emerging in the most dynamic area of Polish economy trigger other regions and as a result there is an increase in unemployment

among those with low salaries, a decrease in income and finally problems with regular debt repayment including credit liabilities. The crisis affects all but its results are sensed with different intensity and at different intervals.

It affects most severely people functioning in the field of the most modern branches with a disadvantage to innovation and development of modern economy. Limiting their financial possibilities results in the structural indolence of the economic system. Heavy industry and agriculture which has been relatively mildly affected by the crisis are no more a drive to a modern economy. It is *high tech* and financial services. Briefly speaking, the crisis is the crisis of the 21st century but a great part of our country is still in the 20th century and therefore the results of the crisis may not be as severe as they will be in case of economically highly-developed countries. If the workers of economic avant-garde concentrated in a small part of Poland "A" constitute just a fraction of the whole state economy, then the economy makes use of the labour force from traditional sectors. In case of crisis the less innovative the economy is, the better. Besides the direct influence of the crisis, there is a real alternative which functions more or less in the same way as it did before the crisis. However, in case of such great internal market as the Polish one and a great "traditional alternative" even a minimal economic growth is possible. And even though the inhabitants of Poland "B" and "C" have not reached the level of income and economic development of the inhabitants of Poland "A", they have gained some consumer customs. Instead of saving money during the crisis, they spend money driving the economic situation on the internal market. Despite their lower shopping capabilities and problems, they keep up the consumption trend, which as a result influences a growth in GDP.

Here the third factor appears - the cultural or precisely the mental one, peculiar Polish mentality and the faith that "it will be somehow" [Tarasiewicz 2011: 41-42]. This approach means spontaneity, short-sightedness and emotionality in the decision-making process of economic character, which is proved by the research conducted by social psychologists [Santorski 2011: 5]. In general Poles do not bear the hallmarks of 'protestant' economic culture. They seem much closer to the Mediterranean nations who are driven by irrational

impulsiveness while taking decisions, also those of economic character. It concerns their savings and shopping, but very often also building the company's policy. Improvisation is a feature of Polish character and it replaces a long-term plan. This approach is deeply rooted in traditional Polish culture. For generations Polish people have been following the rule of 'keeping up with the Joneses' (lavish hospitality beyond your means) which does not mean the traditional hospitality but it generally means ostentatious display of the social and economic position. These are the characteristic artefacts of Sarmatian culture which despite the passage of time still function in mass awareness. This mentality cannot be even affected by the global economic recession. In the conditions of free market, ostentatious consumerism has become mass *alter ego* of Poles.

After years of centrally planned economy, shortages of basic goods and services, not to mention luxury goods, Poles, who have had contacts with the West, have grown the consumer longing. Along with gathering wealth and goods availability, finally they could become real consumers. Therefore, the crisis did not evoke any warning state in Poles and it did not induce them to save. A few years of good economic situation made Polish people the consumers not only of basic goods but also of goods defined as luxurious. Giving in to the crisis would mean limiting their expenses on consumption, which in turn would mentally turn them back to the state of shortages, and unfulfilled consumer desires. That is why Poles cultivate their consumer ideal. They do not want to wait until next generations to become a part of the Western world also in the economic sense.

With all things considered, returning to the question asked in the title of this article, can we call Poland 'a green island' or should we tend to call it 'a never-land'? Being 'a green island' does not result from any extraordinary capability of the Polish economy, from its strong foundations, but from a low level of innovation and strong consumer pressure. What is the economy barrier during the period of growth paradoxically protected the economy against the decrease in the value of GDP. The myth of 'a green island' turned out to be very useful as a story-telling. Polish people started to believe that the crisis does not concern them. That is why they concentrated

on their previous activities. However, 'a green island' is just a myth because structurally Polish economy is belated. The crisis has been the least burdensome to traditional branches, including agriculture which still employed approximately 20% of Poles. On the other hand, it has affected the most those who have been building the modern economy. Isn't 'a green island' rather 'a never-land' where optimistic data is only seemingly optimistic? The further stage of the crisis which we can witness will probably reveal the fragility of the foundations of Polish 'green island'.

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