
ARGUMENTA O ECONOMICA

1 • 1995

Academy of Economics in Wrocław
Wrocław 1995

TABLE OF CONTENTS

Wacław Długoborski
THE EVOLUTION OF SOCIAL SECURITY SYSTEMS
IN FREE MARKET ECONOMIES • 7

Andrzej J. Baborski
INDUCTIONAL METHODS OF KNOWLEDGE DISCOVERY
IN SYSTEMS OF ARTIFICIAL INTELLIGENCE • 21

Andrzej Baniak
COMPETITION BETWEEN THE STATE AND THE PRIVATE
SECTOR AND THE EFFECTS OF PRIVATIZATION • 35

Zygmunt Bobowski, Zbigniew Buczyński
ENVIRONMENTAL CONDITIONS OF JELENIA GÓRA REGION
AND SELECTED KINDS OF OFFENCES • 45

Krzysztof Jajuga
FINANCE – CHANGE OF PARADIGM IN TEACHING
AND RESEARCH • 51

Bożena Klimczak
MAN OF INTEGRITY OR ECONOMIC MAN • 61

Rafał Krupski
SELECTION METHODS OF PRIVATIZATION VARIANTS
IN PUBLIC UTILITY ENTERPRISES. AN EXAMPLE. • 67

Mieczysław Kufel

THE ESSENCE OF INCOME APPROACH IN BUSINESS
APPRAISALS • 75

Marek Obrębalski, Danuta Strahl
THE CONCEPT OF THE METHOD FOR APPRAISING
THE ACTIVITIES OF COMMUNES • 81

Jan Rymarczyk

NON-TARIFF INSTRUMENTS REGULATING POLISH FOREIGN
TRADE • 91

Jerzy Rymarczyk

THE ECONOMIC EFFECT OF INTRODUCING IMPORT TARIFFS.
A MODEL OF GENERAL EQUILIBRIUM • 99

Maria Węgrzyn

NATIONAL INSURANCE IN THE ECONOMIC TRANSFORMATION
PROCESS OF POLAND • 107

Andrzej Wilkowski

THE COEFFICIENT OF DEPENDENCE FOR CONSUMPTION
CURVE • 117

Bolesław Winiarski

REGIONAL POLICY AND THE ADMINISTRATIVE TERRITORIAL
STRUCTURE OF POLAND • 127

Stefan Wrzosek

CHOSEN METHODOLOGICAL ISSUES OF COMPANY VALUATION • 137

Czesław Zajac

MEANING OF METHODOLOGICAL RATIONALITY OF DECISION
MAKING IN A PHASE OF STRATEGY FORMULATION
IN INDUSTRIAL ENTERPRISE • 143

HABILITATION MONOGRAPHS

1992–1993 (summaries) • 149

LIST OF PUBLICATIONS BY THE ACADEMIC STAFF
OF THE WROCLAW ACADEMY OF ECONOMICS 1992–1993 • 161

Wacław Długoborski

THE EVOLUTION
OF SOCIAL SECURITY SYSTEMS
IN FREE MARKET ECONOMIES¹

‘Do as you wish’, Gargantua ordered his subjects from the utopian state-abbey Thelema. ‘Your orders are based on only one rule – do as you wish’. A satirical viewpoint on an individual existing within medieval estate or (state) society given by the renaissance man, Rabelais, who combined it with a warning against new dangers – the obligation to enjoy one’s freedom meant at the same time being left to one’s own devices². It also contained a reflection on the value of liberty without security when faced with life’s obstacles and violent changes, which from the beginning of modern times was endangering the existence of various social classes.

The appearance of the concept of business divided these social groups, as something which in itself can only be appraised by the interested party within their own accepted system of values (Raab 1965, 157 etc.). The moral justification for realising individual self-interest is founded on protestant ethics. It did not offer compassion to those failures who were unable to adjust to new economic forms, but left them to rely on the goodwill of those who succeeded and who thus were able and knew how to use their new-found freedom to realise economical and political success. Later the capitalist industrialisation – whose social and cultural effects were negative for some parts of society – made those underprivileged individuals, groups or classes seek assistance from the fast emerging institutionalised communities such as mutual aid societies, trade

¹ The full text of the inaugural lecture given on September 30, 1994 during the ceremony opening the academic year 1994/1995 in the Academy of Economics, Wrocław.

² Such interpretation of Rabelais *Gargantua and Pantagruel* (1534–1564) is given by [Glucksman 1977, 11 etc.].

unions and political parties. Obviously the latter were not always parties of workers or peasants. After great upheavals such as World War I and the 1929–33 Depression, the deepening deprivation and falling standards of living led many underprivileged social groups to embrace movements or even extremist totalitarian regimes which was usually accompanied by the abandonment of their own socio-political outlook even including their own principles and to be replaced instead with the ideologies of such movements. By ‘escaping from freedom’, to use Erich Fromm’s expression, they expected to gain social security and retain, or even raise, their social status despite the fact that such an ‘elevation’ of a previously underprivileged class could turn out to be only a propaganda slogan.

However, we should not dismiss such experiences either. Sociological research in the 1960’s conducted in the Ruhr district – at that time the biggest industrial region of Germany – showed that the Nazi regime had also left some positive associations in the worker’s conscience. A guarantee of a job, even if connected with the legal prohibition of its change, was appreciated more than the free choice of a job which as such remained a delusion during times of depression and mass unemployment. They remembered the stability of incomes, notwithstanding the levels at which they remained frozen, supplying every family with accommodation and many communal social benefits as well as opportunities for professional training and social advancement despite its moral and political cost (Herbert 1985, 27 etc.). As a result, after 1945 in the period of constructing the new socio-economical order of West Germany the workforce insisted on retaining all ‘social achievements’ of National Socialism (Herbert 1985, 35).

Even if in both German states or Austria there appeared, and still does, the longing for totalitarianism, this was not however as strong as the longing for communist totalitarianism in the ex-Eastern Bloc countries. It is not difficult to agree with the statement that ‘Eastern Europeans rose up against socialism not because they could no longer stand the lack of democracy in a socialist welfare state, but because the communist system was incapable of creating such a welfare state. The people revolted when the gap between the expected and actual degree of satisfying their social needs and social security had broken the barrier of social tolerance’ (Dziewięcka-Bokun 1993, 53). The type of citizen created by the communist system, the so-called *Homo sovieticus* in the words of Father Józef Tischner, expected, from the moment of their newly gained freedom in 1989, improvements in their standard of living and social security. When they were disappointed, as it became clear that such improvements can only be realised in the long term and only that with one’s own participation or at least with a change in one’s attitude and social behaviour, did there begin a process of idealising the system which used to ensure social security seemingly without any effort on behalf of the interested parties; this found its political dimension in the 1993 parliamentary elections.

However, can a totalitarian state guarantee such security? Can it still be a 'social state' even when offering levels of benefits higher than those of central East European communist regimes? In other words: does 'the social state' also have to be a 'lawful state' (*Rechtsstaat*). Can social security and certain minimal levels of social justice be achieved in the absence of law and order? The experience of totalitarian government – 'brown' or 'red' – was that it is not possible, even if, as happened in the case of communist countries after 1956 when the brutal terror of the Stalinist period was abandoned, there were still infringements of private property laws and the freedom of choice of jobs or cases of loss of work because of political reasons were still commonplace.

Already in 1939 the British lawyer and League of Nations expert Alfred Zimmermann had introduced the term 'welfare' in order to define the nature of a state meant on one hand extending the tasks of modern democracy into the social sphere, and on the other distancing them from fascism (Ritter 1989, 6). The tasks of the modern state can be defined as, firstly, the construction of a free, just and peaceful framework order, which in turn creates conditions necessary for the effective functioning of the economy and ensures conditions of social security for all its citizens (Dylus 1994, 6). The lawful state also then becomes a social state. In those countries where the latter has become a long-standing tradition, the social nature of the state is indisputable and obvious. According to the publication, informing about ways of obtaining social benefits in Austria 'the Austrian social state is a complex and far-reaching system with over 100 years of tradition. Its existence has been obvious for a long time. For the majority of people it means that a person who falls ill is sent to a doctor, an old person who is no longer professionally active receives a pension or other benefits... (here follows a list of basic social benefits)' (Natter, Reinprecht 1992, 443).

Even if not all developed countries offer an equally broad range of social benefits, or the possibilities of obtaining them are not as obvious as in Austria, all of them do (with the exception perhaps of third world countries) declare themselves as social states. Not everywhere though is there such a tradition of readiness to give their citizens such security as in Austria or Germany, and the historically shaped forms of such security show a wide variety of significant differences which stem from varying economic, socio-political or cultural circumstances. Putting aside the forms of social security particular to the political and economic conditions of the U. S. on one end of the scale, and Japan on the other, we note that in Europe there are two, different in significant ways, types of social state – German and British, which in turn, naturally with some modifications, were followed by other European countries. The Swedish model, which was taken up by other Scandinavian countries, can be treated as the one half-way between the German and British.

The social problems relating to industrialisation had already first occurred in

the first half of the 19th century in the most advanced countries, particularly in Britain. However, the first country which attempted to comprehensively relieve these problems was Germany, where on Bismarck's initiative there were introduced decrees on general national insurance for the workers: sickness insurances (1883), accidents at work insurance (1884) and pensions and invalidity (1889). Leaving out the previous pre-industrial forms of church, communal and private philanthropy, we can assume that the German legal initiative constituted a final departure from the viewpoint which declared the poor guilty of their own misery.

The voices of philosophers and publicists which emerged in the 1830's and pointed at the social character of reasons for poverty became by now a viewpoint of both the Catholic and Protestant church as well as political parties, not only those of the Left. It was a natural result of the analysis of the industrialisation process which significantly speeded up in Germany after 1870. The dynamic growth of the labour market, the proletarianization of a large part of the peasants and lower middle class, the increase in accidents at work, the excessive exploitation of women and children at work, all led to social conflicts, and later in turn to workers' demonstrations and the development of organized workers' movements. Social pathology and tensions constituted one of the motives of Bismarck's legislative initiatives; such motives existed also in other countries. Bismarck – living up to his nickname of the 'Iron Chancellor' – also had to forcibly restrain the workers' movement, issuing in 1878 a ban on the activities of the social democratic party. However he would have lacked the politically necessary realism if he imagined that the use of repression alone would be able to control the mass movement of a political and social nature. Hence the search for an ally in the workers' movement. An ideal candidate, eliminated by his premature death, was Ferdinand Lasalle and his idea of state socialism. Bismarck aimed at relieving social tensions by removing at least some of their causes.

However, Bismarck had also to account to his own supporters. Even amongst the most active right-wing conservatives he could expect support for attempting to stabilize the freshly unified country and gaining the workers' votes for nationalists. He even got the support of German Catholics from the Zentrum party on account of both enjoying strong traditions of social catholicism in Germany going back to the 1840's, as well as the far advanced work on the publication of the encyclical 'Rerum novarum' (1891) which was to revolutionise the social teaching of the Catholic Church; also part of the Catholic clergy was already involved in social work to relieve living conditions of the working classes and to advance their emancipation (Ritter 1989, 63 etc. and 84 etc.).

The members of the Empire's establishment who opposed those legislations were to be found amongst liberals and some industrialists whose attitude to their workforce was aptly described as *Herr-im-Hause-Standpunkt* or at best patri-

archal and paternalistic. At the same time other industrialists and parts of the catholic hierarchy were inspired by the ideas created before 1870, and further the results of economic research, especially the so-called pulpit socialist (*Kathedersozialisten*). In both cases the conclusions on the workers issue were one-sided. The creator of the modern concept of the social state, Lorenz von Stein also produced some crushing criticism of the contemporary capitalist system, just as Marx did, noticing as well the political importance of the working class who should become not a destroyer of the system but its reformer through aiming at a compromise between the so far conflicting classes. Such a compromise could be based on mutual respect: on the part of the workers, respect for private property; and for employers, the right of workers to social security which should allow the transformation of capitalism into the system of social democracy (Huber 1972, 495 etc.). The forerunner of pulpit socialism, an advisor to, and ardent admirer of Bismarck, Adolf Wagner supported however (in contrast to Stein) the idea of an authoritarian state, but even such a system should aim for the social integration of the working class by ensuring its social security. The continuator of Wagner's ideas was Max Weber, who saw such integration as the condition necessary for the success of German *Weltpolitik* (Mommsen 1974, 107). The consolidating element for these motives, as with the whole of the Prussian establishment, was the tradition of reforms from above, which had saved the country from catastrophe during the Napoleonic wars and half a century later had helped to overcome its internal crises after the 1848 revolution. In the 1880's, they also prevented a similar crisis in the country torn between the Catholic Church (*Kulturkampf*) and the workers' movement.

In some German countries, especially Prussia, there existed an equally traditional (introduced in the second half of the 18th century) social security system for miners and smelters based on the fellowship funds (*Knappschaftskassen*, *Brudersladen*) and connected with advanced state intervention as regards the relations between the employer and the workforce. It was also characterised by almost military discipline and socialisation. According to the ideology of the absolute monarchy, miners and steelworkers were treated as a separate, privileged 'estate' compared to other professions. After the 1848 revolution that system gradually disappeared, resulting in nostalgia from the workers for the hitherto existing social security and, among some officials, for tighter controls over the workforce in those two main branches of industry (Geyer 1992, 1046 etc.). Such tendencies were present in Bismarck's plans. The system of social insurance originated in the 1880's was to be introduced or supervised by the relevant state departments but in a far more relaxed and democratic way. At the same time, unlike in Prussia, the system was to include all the workers. Thus Bismarck initiated the process of so-called inclusion, i. e. the inclusion in the results of activities of one of the functional systems, if not the whole of society, then at least its most numerous part (Luhmann 1994, 36-37).

It was not surprising that the laws introduced in the 1880's were met with suspicion by the workers, who during the years when the social democratic party was banned, preferred the insurance system within their own provident fund. The Bismarck system was financed by contributions from employers and employees, with only marginal (not as he originally planned) state assistance. As a result:

- whole social groups were excluded and left to rely on help from communes or the Church and in the case of the middle-class - on private insurance.
- national insurance did not become a tool for income distribution.
- the major part of sickness benefits was formed by the contributions of workers themselves based on their earnings, which became one of the reasons in their differentiation.

Hence the differences in the degrees of social security and also attitudes. Those better paid and higher insured felt in time more of a benefit, which in turn influenced their attitudes towards the state. That process was one of the factors which initiated so-called reformism or revisionism in the German workers' movement, especially as alongside the development of factory inspections to check on work safety the workers began to participate in them, despite strong reservations on the part of entrepreneurs. Only after the wave of strikes in 1917 and the Stinnes-Legien agreement, did entrepreneurs acknowledge trade unions as representatives of the workforce and a partner in negotiations of social matters.

The system of supplementing insurance by the insured themselves and the differentiation in its levels was perfected during the Weimar Republic and still remains in use in Germany. It entered the concept of the social market economy, where direct assistance from public funds is given only in extreme cases, and income redistribution is based on totally different mechanisms. The social security system functioning within the social market economy allows the inclusion of Germany in the type of the social state known as the insuring state (*Versicherungsstaat*) (Zohlhöfer 1992, 273).

The British system of social security is based on the 1942 Beveridge plan, therefore being much younger than Bismarck's system and created in completely different historical conditions; besides functioning within the welfare state which was often pointed at as being the system opposed to the social market economy state. 'In the English welfare state their organised power is used to modify the play of market forces in three directions: first by guaranteeing individuals and families a minimum income irrespective of the market value of their work or their property; second, by narrowing the extent of insecurity by enabling individuals and families to meet certain social contingencies (for example sickness, old age and unemployment) which lead otherwise to individual and family crises; and third, by ensuring that all citizens without distinction of status or class are offered the best standards available in relation to a certain agreed range of social services' (Briggs 1961, 228). The first and third points go beyond the benefits offered in a social market economy. The Beveridge plan

can be treated as a reaction to the social doctrine of the British state which stayed in force until the Second World War.

Britain was the first country in the world to introduce (in the first half of the 19th century) work safety protection and factory inspections. Also the first trade unions were formed in Britain, and the laws of 1867 and 1876 confirmed their position as workers representatives in negotiations with entrepreneurs, in which the state did not interfere, the standing principle here being that of the minimum, 'night watchman' state. Its role in social and economic spheres was limited to creating a structure which guaranteed private property and law and order. That simplified description, in relation to the economy was fully justified by the lack of the state's activities as far as social security was concerned, at least until the beginning of the 20th century. The rich took out private insurance, and the poor relied on the charity of communes, churches and various organisations or societies of a philanthropic nature. The improvement of the position of workers did not mean the removal of material disadvantages. Hence the growing popularity of the German model. In England there were demands for state intervention in those matters which led in 1908 to the introduction of pension insurance and in 1911 the National Insurance Act. The latter, in a different manner than with Bismarck's laws, brought in the involvement of the state and its budget in the insurance of those social groups not included in employee's insurance. Those decisions were still taken at the top without any participation of those affected. Also the shock of the First World War did not bring any major changes, despite a variety of proposals, as for example the creation of 'the social parliament' based on the German Economic Board (*Reichswirtschaftsrat*) which was to include representatives of entrepreneurs, workers and the state. Amongst its duties was to be the solution of social conflicts (Ritter 1989, 99, 125 and 146).

The lack of such a body was one of the reasons for the deepening of problems brought on by the General Strike, the following Depression of 1929–33 and the accompanying mass unemployment. The results were made worse by the weaknesses of the national insurance system, which lacked uniformity and did not involve all the workers. 'In 1938, 21 million people had been covered by the state's old age pension scheme, but only 15.5 million workers by unemployment insurance and 20 million people – no more than half of the population – by National Health Insurance. Many people, well paid and thrifty workers too, were privately insured against sickness. In this situation it was clear that the existing social insurance schemes must somehow be rationalised and coordinated. Still a few million people could count in cases of sickness only on the hard hands of the Poor Law' (Calder 1971, 607). The start of the Second World War did not at first cause a lessening of social tensions in Britain, especially as both some parts of the Establishment and some parts of working class had supporters of Hitler's social policy. However, society united in the face of the direct threat to Britain and formed a coalition government. During the course of

the war, Britain became an austerity society. There was therefore a need to promise compensation for the period of deprivation as well as to deploy long-formed proposals of general social security and social justice (Harris 1984, 225 etc.).

State interventionism, brought on by the requirements of a war economy, eased the introduction of institutional solutions which only recently would have been treated as state interference undermining liberal principles. William Henry Beveridge ('the outstanding combination of public servant and social scientist – between the wars Director of the London School of Economics') a politician connected with the Labour Party and Minister for Aircraft Production in the coalition government seemed particularly suitable for the task of preparing the concept of a new social-economic order. 'His plan took all the existing social insurance schemes and gathered them into one overall scheme covering every crisis of life from the cradle to the grave'. The plan had to fulfil three rules:

- 'any proposals for the future... should not be restricted by consideration of sectional interests.'

- 'the organisation of social insurance should be treated as one part only of a comprehensive policy of social progress. Social insurance fully developed may provide income security; it is an attack upon Want.'

- 'social security must be achieved by cooperation between the state and the individual. The state should offer security for service and contribution.'

'Besides these three principles, Beveridge based his plan on three assumptions: that family allowances would be given for all children, that a National Health Service would be provided, that mass unemployment could be avoided. His plan would cover all citizens without any upper income limit. There would be a flat rate of contribution and a uniform rate of benefit' (Calder 1971, 609).

The Beveridge plan was put into practice by the Labour government in 1945, which also allowed for widening its scope by nationalising the main branches of industry, state housing and the development of state education (Ritter 1989, 148). With the introduction of the Beveridge plan, Britain became the type of social state described as providing state (*Versorgungsstaat*). It adjusted in such a way its social security system to the requirements of the welfare state as the German system was adapted to the concept of the social market economy (Zohlnhöfer 1992, 273 etc.). The concept of a social market economy had many followers in Europe. It was totally embraced in Austria, and some of its elements were introduced in France. In the encyclical 'Centesimus annus' (1991) it was praised by the Pope and, for the countries which in 1989 rejected communism, it became the target for transformation, allowing the hope of creating (and leaving out the stage of 'aggressive capitalism') such a free market economy which would combine (to even a higher degree than in Germany) economic effectiveness with social justice. The origins and basic principles of a social market economy are generally known. I would only take this opportunity to point out a few elements of this concept directly connected to those issues

mentioned here. Issuing an invitation to active participants in the market extended to all social classes requires ensuring the existence of a framework structure which would make our economic activities more attractive than applying for means from the redistribution of national income (Lewandowski 1991, 119 etc.).

In such conditions, the trend towards social justice should first of all take the form of giving an equal starting point to socially deprived groups or individuals. One of its elements has to be the creation of optimal and comprehensive opportunities for the improvement of professional qualifications or the means to enable employees to gain assets through, for example, the redistribution of social income but with their active involvement. New measures have been introduced, for example the statutory encouragement of savings by introducing tax relief for lower income savers, also there are possibilities for employees to participate in profits of not just particular enterprises but industry as a whole (Thieme 1994, 91 etc.).

In comparison to these ideas, the welfare state is blamed for inducing or 'condemning' particularly deprived social groups to passivity, relying only on state benefits which during times of economic crises and restricted economic growth can lead to the lowering of these benefits to levels below the social minimum. There are also socio-economic psychological effects of such a situation – the stress and frustration of people deprived not only of work but also (unique to each society, but especially the British) their quality of life. Such a contrast is not however fully justified because, as it was stressed by Beveridge 'establishing a national minimum should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family' (Calder 1971, 610).

The willingness to take such actions requires first of all the fulfilment of certain psychological conditions, yet these will be bound to fail without the existence of suitable institutional conditions, for example the opportunities for improving professional qualifications. In recent times there have been several initiatives in this field, as well as in Britain itself. At the same time, the slowing down of economic growth in Germany, not to mention the growing ranks of the unemployed and pensioners in regions once part of East Germany who now rely on social benefits from federal funds, the ageing of the population in the West (around 1900 1 in 20 Germans lived to 60 years old, now the figure is 1 in 5) where not everybody receives employees pensions, undermine the social credibility of social guarantees in the conditions of the market economy. Hence the appeal of the Evangelical Church for workers' consent for the shortening of the working week to create now jobs for the unemployed or the voluntary based on Christian solidarity, the additional assistance of clerical and independent professionals to even partly recompense the inequalities of social benefits for some of the deprived, especially certain categories of pensioners (Wörmann 1992, 9).

Such changes seem to be indispensable, particularly in the light of the Maastricht Agreement and the proposed unification of the social security system in the EU: connecting Bismarck's system of benefits based on the level of earnings with the ideas of Beveridge to include all the social classes in a uniform system of insurance (Ritter 1989, 179).

There is also the need for uniformity in the procedure of negotiations between social partners, especially where mutual obligations and rights are concerned, with the inclusion in these negotiations of the third, neutral, partner – the state. At the shopfloor level, German *Mitbestimmung* differs from the British system where a shop steward is often in conflict with the employer and the local trade unions. However, their position as the representative of workers' interests on the level of province or country is respected in both countries (Ritter 1989, 127). There are however differences between the ways and results of solving world problems in negotiations between the representatives of directly involved parties, employers and employees, and taking similar decisions in the parliament where the groups represented there, like for example the *Greens* in Germany, do not have any influence over the opinions of the trade unions led by the Social Democratic nor even more so the entrepreneurs.

Austria seems to have avoided such complications, because their system of social partnership (*Soziale Partnerschaft*) enables not only the diffusion of social conflicts but also their prevention. A specialist commission within that partnership prepares proposals for widely interpreted social security, and direct social and economic policy of the state including the strategic decisions. The so-called great four: Chamber of Industry representing the entrepreneurs (*Bundeskammer für gewerbliche Wirtschaft*), the Chamber of Agriculture (*Präsidentenkonferenz der Landwirtschaftskammern*), representing farmers, the Chamber of Workers and Clerks, representing employees and the government side (*Bundeskammer für Arbeiter und Angestellte*) and the trade unions (*Österreichischer Gewerkschaftsbund*) anticipate decisions of both the government and parliament. The latter has become in a way a 'notary' of the great four's decisions – which is understandable in a situation like in 1991 when 43.7% of MPs from both the ruling parties, Socialist (SPÖ) and Christian Democrat (ÖVP) were at the same time functionaries of the organizations or associations constituting the great four; their participation in the government has grown from 33% in 1987 to 50% (Marko 1992, 460 etc.). Such connections have their advantages and disadvantages. On one hand they allow to avoid any discrepancies between the aspirations and decisions of the organizations or associations representing the social partners on one side and the government and parliament on the other, by accelerating the process of making such decisions they also ensure their acceptance by the majority of the population. At the same time there is also a growing criticism of the behind-the-scenes, undemocratic character of the decision making process, thus lowering the prestige of parliament and the political parties.

Such criticism resulted in lessening the status of direct cooperation between the social partners; at present only 53% of Austrians consider it more important than parliamentary activities. There is also a diminishing acceptance of the above mentioned personal connections (in 1990 approved by 88% of those questioned, in 1992, 71%). The pressure of public opinion and also the growth in popularity of the parties not belonging to the 'great coalition' led to the weakening of ties between the political parties and those unions that constituted the 'great four' (Pelinka 1993, 71).

The measure of effectiveness of the social partnership can be the slowing down of the rate of economic growth, in which Austria used to lead the rest of Europe in the last ten years, and confirmed by the growth factors (GNP), but also the percentage of unemployment, price levels etc. As is widely accepted in the context of social partners negotiations, prosperity gives an advantage to employees, a slump to the employers. We can speculate if the latter will not endanger the social stability and lead to the breakdown of the Austrian social security system, one of the best in Europe. But experts in sociology and political science insist that the social partnership in particular will allow the avoidance of serious shocks in that field. Hence attempts to improve the system by institutionalizing the partnership on a so far underestimated regional level and the increase of the functioning scope of the Austrian social state (for example by the statutory development of the professional education system and the institutions directing the labour market). Such means are aimed at lowering the level of social anxiety and restraining the fluctuations of the workforce. The latter are caused by, amongst other reasons, the internationalising of the labour and capital markets, which in the near certainty of Austria joining the EU will become an additional challenge for the social partnership, and is a question widely discussed there (Tálos 1993, 18 and 25; Unger 1993, 38 and 44).

The question is not a one-sided adaptation of the Austrian system to fit European norms that are in the process of being created. If there seems to be a slight exaggeration in the statement that 'the whole world comes to Austria to study and copy the institution of social partnership'³, however for countries in search of the optimal ways of gaining social consensus it is undoubtedly an attractive model as a 'social market economy' for finding ways to combine a free market with social security and democracy. The system of the three-sided body (entrepreneurs, workers, government) but only an opinion forming one was introduced in Portugal, long-term social pacts in Spain – countries which in the 1970's entered the democratic way of development having already formed a free market economy. Even more attractive seems to be the social partnership in countries which have to build it from scratch. In Hungary the prototype of

³ The Secretary General of the Chamber of Industry G. Stumvoll in a discussion on the 'Social partnership' (Allmacht, 1993).

a three-sided social body (the Council for Business Agreement) was created in 1988. With the addition of the representatives of particular kinds of enterprise (including individual farmers) such a council could become a partner for trade unions and thus able to create the foundation for a social partnership. But Hungarians are sceptical towards the possibility of adopting the Austrian model – because of their strong national traditions, different circumstances and the splintering of the Hungarian trade unions which are unable to function as the uniform representative of all employees (Kurtán 1993, 267 etc.); this is incidentally typical of trade unions in all post-communist countries.

But once the trade unions of Austria and Germany were also splintered. In Austria there were already attempts to unify the trade unions at the start of the 1930's in the face of the oncoming Nazi takeover, unification (*Gleichschaltung*) of the trade unions in the Austrian 'estate state' (*Ständestaat*) so as state (1934–38) and under the Nazi rule (1938–45) accompanied the illegal activities of free trade unionists who after 1945 created the united trade union organisation (ÖGB). Only such an institution was able to widen the social rights of workers, the scope of which was much wider in Austria than in the accepted German model of a social market economy; only the unified trade union organisation could become the equal partner to entrepreneurs and the state in the emerging 1950's system of social partnership. The ÖGB was dominated by socialist tendencies, christian-democratic sympathies were grouped together in *Fraktion Christlicher Gewerkschaften*, which often had opposing views and was a rival of the former but only within the workplace, never in negotiations with their social partners (Reichhold 1987, 457, 569 and 604).

In Poland, like in Hungary, the fractioning of the trade union movement makes it impossible not only to follow the Austrian model, but also at best to accept the idea of social partnership itself and with it the peaceful method of solving social conflict, as well as the creation of such a system of social security which would help the process of the transformation towards a free market economy and to speed it up. The existing avenues of communication between the authorities and society often led to conflicts and are not effective (Nowakowski 1993, 145). Sociologists and politicians complain about 'the weakness and inadequacy of an interest representation system' or even 'lack of efficient mechanism of interest negotiations' in which the leading position is taken by the state, still possessing the major part of production capabilities of the country. The state is not, as in the case of western democracies, the neutral arbiter of social conflicts, just the opposite – 'an increasing number of various social conflicts of which mainly vertical direction means that government is a party to these conflicts' (Dziewięcka-Bokun 1993, 95). Private entrepreneurs are represented by the Business Centre Club. Its rights are not however legally determined, and the emerging class of Polish employers is not yet sufficiently numerous, economically strong or united to become an equal partner with the state and

the trade unions, which – so far at least – rarely interfere in relations in private enterprises. Salaries in the sector are incidentally much higher than in the state sector (this does not apply to large companies with foreign capital investment, for example 'Fiat-Poland'); as a result the workers in the private sector do not show any great interest in developing self-government or extending social benefits.

A totally different situation on the subject of creating conflicts occurs with state enterprises. The basis of the problems here, apart from salary levels and the threat of redundancy, is that of social security payments, especially sickness benefits and accidents at work insurance, as well as pensions. In the process of transformation into the free market economy, the social security of employees and other economically weaker social classes is far more threatened than in the conditions of functioning of the fully shaped system. It is necessary to achieve a joint effort based on the social agreement to ease the difficulties inherent to the transformation. The improvement of this situation seems at present more important than the search for future models of our socio-economic order.

REFERENCES

- Allmacht und Inkompetenz der Sozialpartnerschaft*. 'Der Standard' (15.05) 1993.
- Briggs A. (1961): *The Welfare State in Historical Perspective*. 'Archives Européennes de Sociologie' No 2.
- Calder A. (1971): *The People's War. Britain 1939–45*. London.
- Dylus A. (1994): *Gospodarka – moralność – chrześcijaństwo [Economy – Morality – Christianity]*. Warsaw.
- Dziewięcka-Bokun L. (1993): *Towards Democracy: Can the Welfare State Work in Eastern Europe*, [in:] *Social Policies in a Time of Transformation*. Kraków.
- Geyer M. H. (1992): *The Miners Insurance and the Development of the German Social State*, [in:] Tenfelde K. [ed.]: *Sozialgeschichte des Bergbaus im 19. und 20. Jahrhundert*. München.
- Glucksmann A. (1977): *Les maîtres penseurs*. Paris.
- Harris J. (1984): *Einige Aspekte der britischen Sozialpolitik während des Zweiten Weltkrieges*, [in:] Momsen W. and Mock W. (ed.): *Die Entstehung des Wohlfahrtsstaates in Grossbritannien und Deutschland 1850–1950*. Stuttgart.
- Herbert U. (1985): *Zur Entwicklung der Ruhrarbeiterschaft 1930 bis 1960 aus erfahrungsgeschichtlicher Perspektive*, [in:] Niethammer L., von Plato A.: *Wir kriegen jetzt andere Zeiten. Auf der Suche nach der Erfahrung des Volkes im Ruhrgebiet 1930 bis 1960*. Vol. 3. Berlin–Bonn.
- Huber E. R. (1972): *Lorenz von Stein und die Grundlegung der Idee des Sozialstaates*, [in:] Forsthoff E. (ed.): *Lorenz von Stein. Gesellschaft – Staat – Recht*. Berlin.
- Kurtán S. (1993), [in:] Tálos E. (ed.): *Sozialpartnerschaft. Kontinuität und Wandel eines Modells*. Wien.
- Lewandowski J. (1991): *Neoliberalowie wobec współczesności [Neoliberals and the Present Day]*. Gdynia.

- Luhmann N. (1994): *Teoria polityczna państwa bezpieczeństwa socjalnego [Political Theory of the Social Security State]*. Warsaw.
- Marko J. (1992): *Verbände und Sozialpartnerschaft*, [in:] Mantl W. (ed.): *Politik in Österreich. Die Zweite Republik*. Bestand und Wandel, Wien.
- Mommsen W. J. (1974): *Max Weber und die deutsche Politik 1890–1920*. Tübingen.
- Natter E., Reinprecht Chr. (1992): *Achtung Sozialstaat. Ein Handbuch*. Wien–Zürich.
- Nowakowski K. (1993): *Niedobory w gospodarce a społeczeństwo i jednostka [Economic Shortages and the Society and the Individual]*. Katowice.
- Pelinka A. (1993): *Parteien und Verbände*, [in:] Tálos E.: *Sozialpartnerschaft. Kontinuität und Wandel eines Modells*. Wien.
- Raab F. (1965): *The English Face of Machiavelli: A Changing Interpretation 1500–1700*. London.
- Reichhold L. (1987): *Geschichte der christlichen Gewerkschaften Österreichs*. Wien.
- Ritter G. A. (1989): *Der Sozialstaat. Entstehung und Entwicklung im internationalen Vergleich*. 'Historische Zeitschrift', Beiheft 11.
- Tálos E. (1993): *Entwicklung, Kontinuität und Wandel der Sozialpartnerschaft. Eine Einleitung*, [in:] Tálos E. (ed.): *Sozialpartnerschaft. Kontinuität und Wandel eines Modells*. Wien.
- Thieme H. J. (1994): *Soziale Marktwirtschaft. Ordnungskonzeption und wirtschaftspolitische Gestaltung*. München.
- Unger B. (1993): *Internationalisierung und Veränderung der Wettbewerbsbedingungen*, [in:] Tálos E. (ed.): *Sozialpartnerschaft. Kontinuität und Wandel eines Modells*. Wien.
- Wörmann E. (1992): *Solidarische Schritte aus der Krise*. 'Kirchlicher Dienst der Arbeitswelt' No 2.
- Zohlhöfer W. (1992): *Von der sozialen Marktwirtschaft zum Minimalstaat? Zur politischen Oekonomie des Wohlfahrtsstaates*. 'Ordo' No 43.