

SELF-MANAGEMENT PROPOSALS IN POLAND: 1981\*

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The Solidarity movement, that emerged in Poland between the summers of 1980 and 1981, was in the long tradition of spontaneous worker movements towards more control over the fruits of production efforts. The statement of this Polish labor movement is not terribly different from those that preceded it, irrespective of whether the movement occurred in capitalist United States, state socialist Czechoslovakia, or democratic socialist Chile. The essence of this statement is that labor seeks influence over the production and distribution of the surplus produced in the economy. The problem in achieving this objective arises first in the process of transition — the way in which a society can or cannot move from one set of institutional arrangements that govern the production and distribution of surplus to another.

This problem of transition is complicated in a country like Poland because there are no legitimately constituted means for moving from here to there. The problem of transition is never an easy one but the Polish political-economic system makes this evolution so difficult that one wonders whether it can occur at all.

In this paper I will first sketch an analysis of socialist economies that will enable us to understand better the issues that arose in Poland. Following this I will present some proposals that were circulating in Poland in late summer of 1981 about a self-managed Polish economy.

I.

At a general level, we can envision all economic systems producing both necessary things for subsistence for the reproduction of

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their laborers and a *surplus*. The easiest way to understand the concept of surplus is to view it as the production of goods and services in excess of the reproduction cost of labor (necessary subsistence), modified to take account of some notion of social subsistence or customary standard of living. Social systems can then be differentiated on the basis of the human organization of production (work relations) and the physical organization of production (i. e., the technical relations of production). Property law defines the legal rights of different groups to the surplus.

The central methodological problem is to analyze the relationship between the *production* and *use* of the surplus. The relationships surrounding the production and appropriation of surplus define both the relations among classes and the distributional aspects of the economy. For example, in slave societies, slaves produce both their necessary subsistence and a surplus, but the surplus is appropriated in a slave society by the slave-owner. The particular form of income distribution in a slave society also derives from that social organization of production in that the slave typically turns all of his product over to the slave-master. The slave-master then returns a portion of the product to the slave as the slave's necessary subsistence and retains the surplus for his own consumption and for other uses. Marx's development of the labor theory of value and its attendant theory of surplus value was designed to expose the way in which surplus value is produced and appropriated in a capitalist system, forming the class relations between capitalist and worker. Marx formulated the central importance of production and appropriation of surplus in this way: (*Capital*, Volume I, p. 217).

The *essential* difference between the various economic forms of society, between, for instance, a society based on slave-labor, and one based on wage-labor, lies only in the mode in which this surplus-labor is in each case extracted from the actual producer, the laborer. (Emphasis added.)

The question now arises: Can this methodology and these analytical categories of production and use of surplus be applied to socialism?

In every socialist country there remains the problem of production and use of surplus. The process of socialist accumulation plays a prominent role in the development of socialist economies since its material abundance can only result from accumulation. And where is the source of accumulation if not from surplus? Like any other surplus, this *socialist surplus* derives from the fact that the production process yields outputs in excess of the customary standard of living needed to reproduce the population and provide for a moderate rate of growth in population. Socialism, therefore, does not imply the elimination of the production and use of surplus for accumulation. That being the case we can then begin to analyze socialism and its different forms as a system in much the same general methodological terms that other societies have been analyzed. Hence, the focus of

attention in this dissection of a socialist system is the study of the production and use of surplus.

In socialist countries there is still a surplus which must be mobilized for socialist construction. How that socialist construction proceeds, what forms it assumes, and who benefits from that construction depends upon the way in which the surplus is used and who determines how the surplus is to be mobilized. In principle, as a socialist society matures, the control over both the production and use of surplus resides in the vast numerical majority of the population who establish genuine socialist democratic control over the commanding heights of society.

Every socialist country has its ideology rooted in this important principle — namely that the control over the production process and control over the surplus generated in that production process resides with the direct producers of that surplus. Whether the ideology conforms to reality is, of course, doubtful. But at this stage of the analysis such anomalies are not of central concern. Virtually every socialist country has established its own unique institutional apparatus to implement its own form of control and distribution of the surplus.

## II.

Traditional economics assert that people behave as atomized individuals, optimizing their economic position. Yet somehow society evolves institutional organizations in which collective interaction is the norm rather than individual maximization. It is this process that forms the basis for the human organization of society and is the foundation for an understanding of the process of surplus creation and distribution. Here neoclassical economics has a problem: That theory posits technical inputs into production organized by a firm and out pops outputs. The only institutional apparatus for collective interaction in this model is the «firm» — an amorphous black box. Nothing of great consequence takes place there according to the neoclassical model except for some definition of decision rules that enables the firm to maximize profits.

By way of contrast the issues raised by Solidarity, issues that are the core of any movement for worker self-management, reside precisely in the way in which production is organized in the enterprise and the structure of rules for distributing the surplus produced. The reasons for this should be obvious: the individual knows that his or her economic potential is realized through collective interaction with others in the production process; not by residing figuratively on an individual island in which isolated maximization occurs.

It is curious how often this essential insight appears and how resistant neoclassical economists are to incorporating it into their models. Richard E. Leakey, the famous anthropologist and analyst of human prehistory speaking about the earliest forms of gathering-hunting societies, observes:

With a division of responsibilities between people, and with each person depending on every other for survival, then an ability and a motivation to work toward the same objective would have been an evolutionary imperative. It would simply be impossible to exploit successfully the wide range of resources available to gatherer-hunters unless they cooperated closely together. Cooperation must be a very basic motivation in human nature.<sup>1</sup>

When we turn to the Polish Solidarity movement these same fundamental human drives come to the fore. Centrally planned state socialist societies impose their own form of individual isolation, as do market-capitalist societies. Individuals are divided from each other; suspicion forms an artificial barrier to collective interaction. Frank Tannenbaum, an analyst of Western trade union movements, has written:

In terms of the individual, the union returns to the worker his 'society'. It gives him a fellowship, a part in a drama that he can understand, and life takes on meaning once again because he shares a value system common to others.<sup>2</sup>

Solidarity can be viewed as providing both that opportunity for each Polish citizen to have a part in the drama and providing a means by which workers can collectively have some influence over the way in which the surplus is produced and distributed. This is the backdrop for understanding the specific proposals for self-management put forward by Solidarity.

### III.

The collapse of the Polish economy in the late 1970s is beyond dispute. Its causes, also, generate little controversy. What to do to restore the Polish economy, does however, generate heated debate. Economists are like generals — always fighting the present battles with strategies from the previous war. Hindsight produces clear answers; the present is what causes us problems. Once Solidarity emerged in August 1980, it could not evade its share of the responsibility for economic performance and economic restoration.

Between August 1980 and August 1981, Solidarity amassed enormous *informal* power with the Polish population. At the same time, the *formal* levers of power remained with the government and the Communist Party. The government had all the formal means of power but none of the informal levers of power which would enable it to

<sup>1</sup> Richards E. Leakey and Roger Lewin, *People of the Lake* (New York: Avon Books, 1979), pp. 110–111.

Edwin O. Wilson, *The Sociobiologist*, calls this "reciprocal altruism."

<sup>2</sup> Frank Tannenbaum, *A Philosophy of Labor* (New York: Alfred A. Knopf, 1951), pp. 10.

move the economy forward. Solidarity, on the other hand, had all the informal levers of power, which it acquired through its mass popular support, but none of the formal means of power. Thus was born the tragic stalemate that ended in martial law. The central point here is *legitimacy* and *power*. Solidarity had the former and the government the latter. The drama that unfolded in the late summer of 1981 revolved around whether the two combatants could merge their respective strengths through negotiations.

The centerpiece of the Solidarity effort to bridge this contradiction in Polish society was their proposal for self-management in the enterprise. While not all of Solidarity's leaders supported this strategy, over time it came to represent the majority sentiment within Solidarity. A self-managed, decentralized economy, it was hoped, could provide the incentive for labor to participate productively in the Polish economy and restore production. In return for Solidarity's legitimacy, self-management would confer a genuine sharing of formal power with the government and the Party in the economy. By so doing, the proposal was seen as a bridge between Solidarity's informal power of legitimacy and the government's formal levers of power which it exercised through the Polish state. Standing in the wings was the Polish Communist Party which at this time appeared to be divided as to which way it would go.

Although self-management has been criticized from the right and the left in academic circles, these criticisms were really not relevant to the Polish economy between August 1980 and 1981. Poland was not dissimilar from an economy heavily reduced by war — only in this case there was no war. With production having fallen 20 to 25 percent in real terms, with paper currency debased to the point where cigarettes were more valuable to have, and where half-day queues to purchase essentials were becoming the norm, the niceties of academic debate about the efficiency (from the right) and the equity (from the left) of self-management were not terribly interesting. There was one and only one clear objective: to restore the Polish economy and its productive base. And this could only have been accomplished, I would contend, through some form of self-managed economy which would offer the incentive for Solidarity members to roll up their sleeves and get back to work by institutionalizing shared power. Moreover, it potentially could have democratized the Polish economy and society.

On this last point, Branko Horvat has written eloquently about the importance of self-management:

If universal self-management... is introduced to either capitalist or statist societies, it will gradually resolve the old production relations and eventually the disintegrating system will have to be replaced by something more compatible with the institution. By participating in management... workers learn in their daily lives how to control their

destiny, how to overcome fragmentation, how to destroy antiquated hierarchies.<sup>3</sup>

This is precisely what frightened the government and Party leaders in Poland and the Soviet Union.

#### IV.

Self-management as a transitional strategy operates on two levels: the economic and political. In Poland the process of economic restoration was tied to self-management. By providing the missing political legitimacy and the incentive for labor to contribute productively, self-management was seen as the critical measure among the majority of Solidarity. Other types of reform, it should be noted, involved improvements in the planning process along the lines of successful changes that were made in the Hungarian economy in the past two decades. These reform proposals also had their adherents both within Solidarity and outside Solidarity. Many were serious proponents of reforms and liberalization in Poland. They just happened to disagree with Solidarity's proposals and tactics.<sup>4</sup>

Setting this set of reform proposals aside, self-management found its support among those who wanted to see both an economic restoration and a political liberalization. Both results would flow from a successful self-management system, its advocates claimed, as institutional change slowly eroded old ways of conducting economic and political affairs in Poland.

In January of 1981, about six months after the August Gdansk strikes, an Economic Reform Commission was constituted in Poland. The preface to that document alluded to the problems of legitimacy in Poland: "The economic [situation] is being aggravated by permanent political conflicts between reform forces and the old bureaucracy..." (emphasis in original). The essence of the Polish Reform Draft, as it was called, relied on the "Hungarian" solution — new forms of decentralized planning, with greater use of market signals, with enterprises placed on a profit-incentive structure, and with workers paid partly in relation to the economic success of their enterprise. Self-management was alluded to but only with rather substantial ambiguity. In principle, the reform proposals included commitments to self-management but how the enterprise director was to be appointed and to whom the director reported, what the role of self-management was in the enterprise, and how the decision-making process would be

integrated with the new system of decentralized planning was left quite vague.<sup>5</sup>

The ambiguity of the reform proposals of January 1981 gradually, over the months, produced enormous frustration within Solidarity. The economy worsened. Reforms were not or could not be started. Many enterprises were spontaneously reorganized as self-managed entities.<sup>7</sup>

On July 13, 1981, a national meeting was convened in Lublin, calling itself the Working Group for the Interregional Cooperation of Workers' Self-Management. This was a meeting of representatives from Polish enterprises that had constituted themselves as self-managed bodies. It also had the participation of intellectuals and Solidarity members who were interested in pushing self-management proposals forward. Recall at this time that Solidarity as a national organization was still divided between those who supported Solidarity taking a more active leadership role in reform process and those (like Waleśa) who sought to distance themselves from this debate by arguing that management of the economy was the government's obligation, not a trade union's.

The Lublin meeting adopted a very militant set of proposals which were aimed at pushing Solidarity's leadership into a more active posture in preparation for the Parliament's debate over self-management. The Lublin meeting advocated the formation of a Congress of self-management representatives. It took issue with the pace of reform discussions when it remarked that "the life span of a whole generation will not suffice to complete the legislative process." In place of the slow pace of reform discussions, the Lublin meeting argued for a "non-stop type of Parliament" and a process by which "self-management reforms" would be "incorporated into everyday life."

Instructions were issued to individual workers as to how and how not to conduct themselves within the self-managed enterprises. "Don't take upon yourself any direct form of management/administration" without the full introduction of self-management. "Demand a report on the state of a given enterprise ..., go over it with your own experts. If the management boycotts your demands, prepare a report on your own."<sup>8</sup>

The Lublin document blends Polish romanticism with syndicalism. It sketched tactical moves towards a self-managed and self-governing Polish society. As such it might be easy to dismiss — particularly among western academic economists. That would be a mistake, however, since economic transformations of historical import always have their roots in political consciousness. In the midst of political

<sup>5</sup>Ibid., pp. 390—393.

<sup>7</sup>This phenomenon frequently occurs in transitional situations. For a discussion of how spontaneous self-management declarations occurred prior to and during Allende's Presidency in Chile, see: Juan G. Espinosa and Andrew S. Zimbalist, *Economic Democracy. Workers Participation in Chilean Industry, 1970—1973* (New York: Academic Press, Inc., 1978.)

<sup>8</sup>These quotations and other information contained in this section are taken from the report and resolutions of the Working Group for the Interregional Cooperation of Worker Self-Management (Lublin, August 6, 1981).

<sup>3</sup>Brancko Horvat, "Strategy of Transition", *Economic Analysis and Workers' Management*, 14, 3 (1980), p. 321.

<sup>4</sup>The "Hungarian" model need not be seen as incompatible with decentralized self-management.

<sup>5</sup>Jiri Kosta, "Decentral Planning and Workers' Participation in Decision-Making: The Polish and the Czechoslovak Experience", *Economic Analysis and Workers' Management*, 3, XV (1981), p. 389.

upheaval, which would not exist without heightened consciousness, reform documents always produce a tenuous alliance between human idealism and political-economic reality.

## V

The evolving consensus towards some form of self-management during the »year of Solidarity« culminated with the formation of the Commission for Economic Reform organized by the Politburo of the Government Presidium in July 1981 and the subsequent legislation adopted by the Polish Parliament shortly thereafter. The Reform Commission affirmed the principles of self-management for realizing the participation of workers in government. It declared that »self-government bodies are an essential element of socialist democracy.« Between January and July of 1981, when the first and second reform commissions produced reports, self-management gained support.

The principles adopted by the Reform Commission became embodied into legislation adopted by the Parliament in the Fall of 1981. With rather substantial detail, this legislation outlined how self-management was to proceed in the workplace. The workers' councils were to have jurisdiction over the implementation of economic plans in the enterprise, appointment and recall of directors (although this provision provoked perhaps the most controversy and confusion subsequent to its legislative enactment), relations with other enterprises, and so on. Left unanswered was the issue of the role of planning versus markets in a self-managed Polish economy.

Scheduled to go into effect in October of 1981, the law never did — herein lies the climax of the Polish tragedy. On paper, the legislation appears to give Solidarity what it needed to proceed with economic reforms. However, lacking internal cohesion and distrustful of the authorities, Solidarity could never agree to move from its confrontational mode of behavior to one of implementing what appeared to be meaningful political and economic reforms. On the other side, the government and the Party were equally divided over whether it really wanted to move forward with these economic reforms. With Solidarity continuing to confront the authorities, the faction that wanted to scuttle the reforms and deal summarily with Solidarity was provided a golden opportunity. Lurking in the background, of course was the Soviet Union whose role in this stalemate can only be surmised.

## VI

Whether there could ever have been a meaningful process of economic reform in Poland, in light of the country's historical and geographical circumstances, is itself an open question. However, failing to develop unity around these legislated reforms, Solidarity contributed to its own suppression by granting credence to the hard-line view

within the Party and government that Solidarity was more a bunch of trouble-makers than reformers. When this stalemate appeared both within Solidarity, and between Solidarity and the authorities, the reform movement's fate was sealed.

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