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## Rural Unemployment: Specific Traits

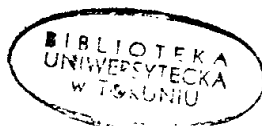
The phenomenon of manifest unemployment reappeared in Poland a few years ago. Since that time we have been learning to deal with it in our day to day routine. No one tries to conceal their surprise at the pace of increase in unemployment, nor at the vehemence of its having become a burning social question. The problems involved in controlling the situation and counteracting its negative effects, did not fail to appear as well. The developed countries with a free market economy system have much more experience in that respect, and so there is a lot we can learn from them. Nevertheless, we must not underestimate the conclusions emerging from our own past.

In the twenty year period between the two World Wars, unemployment was a marked component of Polish realities at that time, and was also the subject of numerous outstanding dissertations. This applies, in particular, to the publications of both the Institute of Social Problems and the Institute of Social Economy.

The sources of unemployment in Poland are inherent in the process of transformation now under way in this country. It is precisely the fact of economic effectiveness having been recognised as the supreme criterion of assessment, and its coupling with deep recession in, not only the Polish, economy that have resulted in the rise of an army — 3,000,000 strong — of the unemployed. That figure, or, to be more precise, the officially registered rate of unemployment, amounting to 15% in 1995, has put us, in this respect, in the first flight of European countries.

According to the Polish law on Employment and Unemployment of 1990, those falling into the category of the unemployed are people of active working age, fit for work, ready to enter into employment but having no job, nor attending a day school, and registered with the regional labour office pertinent to the place of residence of the person concerned.

Does the official data depict the actual state of unemployment in Poland? We do not know how many people losing their jobs fail to register



with the labour office. There is no doubt that a group also includes people dismissed from work who, nevertheless, have no chance of being granted unemployment benefit. Nor do these estimates include almost 1,700,000 people made to retire, or granted pensioner status before having reached pensionable age. Moreover, there are also numerous cases of disguised unemployment in some working places — where declining businesses pay their workers wages which scarcely exceed the amount of unemployment benefit.

At the same time, one can hardly fail to notice that the ranks of the unemployed include different categories of people. The registration regulations — very liberal in the initial period — account for the fact that unemployment was seen as an opportunity for idlers. Once registered, people who, for various reasons, had not been occupationally active, to their surprise started getting monthly unemployment benefit. Only rough estimates and random empirical studies that give grounds for the assertion that every third of the registered unemployed is satisfied with his social role and fares very well, operating in the area of the black economy and simply evading regular work.

Generally speaking, the prevailing view is that unemployment is an urban problem, specific to major areas of population. It is correct that towns are better able to counteract the problem having more in the way of financial means. In this respect, rural communities are clearly left behind. The specific character of unemployment in the country is rooted in the fact that rural areas act as a kind of 'sponge' absorbing labour surplus. In turn, in the case of individual farmers, one may speak about marginalisation of the problems and even, about restrictions of a formal and legal nature, since the legislator has precluded the possibility of their being consigned to the category of the unemployed. However, almost 40% of Poland's population live in the countryside; every second of its inhabitants is connected with agriculture or the food economy, either through work or family bonds.

## 1. CATEGORIES OF THE UNEMPLOYED

According to the latest data of 1995 deriving from the Labour Exchange Office as well as from the research findings of the Central Census Bureau, the number of rural unemployed has exceeded 900,000. For a few years past, the share of inhabitants of the rural areas in the global structure of manifest unemployment wavered around one third of the total. That index is rather stable in time and largely independent of the increase in, or fall of, the number of unemployed registered in the years 1991–1995. The sources of rural unemployment are varied, the problem having affected such different categories of occupationally active people.

In the first place, it was the dual occupation holders, mainly the peasant workers, who lost employment in towns. What was given as a reason for this was the fact that even if dismissed, they would not be left without the means of earning a living because they had a farm. Before long, however, the other inhabitants of rural areas, those owning no land and commuting, have also been dismissed.

Another source of unemployment is the curbing of the number of people in jobs in rural areas as such — in various institutions and organisations, processing plants, trade and services.

A significant and qualitative separate group of unemployed are former state farm workers. Very soon, summary dismissals were carried out, irrespective of the condition of the state farms concerned. Because of their uneven distribution — they were concentrated in a few voivodships — unemployment rose notably in a clearly limited area. On top of that, the said farms had mostly been the only labour opportunities available, and the socio-occupational make up of people who lost work was varied, ranging from unskilled farm hands to zoo technicians and agricultural engineers.

In the situation of the towns becoming closed to the influx of a labour force from rural areas, and of the decrease in the demand for labour on the part of industry and services, the rural unemployed have found themselves in extremely difficult circumstances. The majority of those who show a positive attitude and seek employment, maintain that they have no chance of finding employment near their homes. Only few of them take up economic activity on their own account and a few are occupied in the black economy.

In the course of time, the principle problem will not be those people who have lost employment, but those who, because of the impossibility of migration, will be unable to take up any work at all. This threat is particularly grave in the case of the younger generation. Gone are the times when towns and industry used to absorb whole ranks of youths leaving school. That channel of mobility has become much narrower. One might even venture to suggest that it has been closed, and will remain so for a considerable time to come. As a consequence, successive age groups of rural youth will have to remain at home and look for opportunities to make a living there. The question is whether leaving these young people to their fate — in consonance with the slogans: 'fend for yourself' — 'go ahead' — gives any chance of providing solutions to the basic problems of careers and sense of purpose to the young rural generation in Poland?

## 2. LEGAL RESTRICTIONS

The above mentioned groups of the unemployed do not include the basic socio-occupational category in rural areas, namely farmers, i.e. people

living by working on the family farm. As has already been indicated, this is as a result of the discriminatory formal and legal solutions. The point is that the law on employment and unemployment has clearly specified that neither a farm owner, nor his or her spouse shall be ranked among the unemployed if the area of the farm exceeds two conversion hectares. A study of statistical data leaves no room for doubt in that respect: In the structure of the registered unemployed, owners of farms who are engaged in agriculture, horticulture or breeding, make less than 0.2% of the total.

### 3. REDUNDANCY ON FAMILY FARMS

Following from the data above, unemployment — at any rate, the officially registered number — does not, in principle, appear in the most numerous group of inhabitants in the rural area. Nevertheless, attention should be paid to the disguised form of unemployment occurring there. It is clearly significant if one does not concentrate on counting people who lost employment but those redundant on family farms. This approach to the research is deeply rooted in the Polish specialist literature dating from the period between the two World Wars<sup>1</sup>. The stated redundancy was determined not only by structural unemployment — the relationship between the supply of and the demand for — labour force, or that depending on fluctuations in business conditions, years of economic prosperity — economic breakdown — but also by seasonal employment occurring merely at the time of urgent field work.

Redundancy as a socio-economic phenomenon in agriculture takes on various forms and is difficult to grasp. Apart from the landless hired workers, one may speak of the underemployed members of the peasant family, or about the ones who are completely redundant from the viewpoint of the functioning of the farm, but simply have nowhere to go. The relevant operational research has resulted in a twofold definition of redundancy. Some scholars suggest application of an objective, external criterion: the amount of work wanted per hectare in the case of extensive farming, others — a subjective one, and namely, the feeling of redundancy of persons who could very well do other work without detriment to the family farm. The latent reserves of labour on family farms appear in two forms of free, mobile reserves, once determined more frequently as the redundant population, and the connected ones, i.e. of persons for whom there is not enough work to be effectively occupied full time.

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<sup>1</sup> J. Michałowski, *Wież nie ma pracy (No Jobs in Rural Areas)*, Warszawa, 1935; J. Poniąkowski: *Przeludnienie wsi i rolnictwa (Rural and Agrarian Overpopulation)*, Warszawa 1936; L. Landau, J. Pański, E. Strzelecki: *Bezrobocie wśród chłopów (Unemployment among Peasants)*, Warszawa 1939.

An empirical study of those different definitions has given highly divergent results. The previously mentioned specialist literature depicts the heated discussions held at the time on the subject of the number of people redundant in Polish agriculture and rural areas in the period of the Second Republic. Today, it is no less difficult to answer that question in a precise way. The available data gives the evidence to estimate the number of redundant people at 250,000. In turn, the survey carried out by the Bureau for Public Opinion Study in 1993 has shown that as many as 42% of the farmers polled answered in the positive the question: 'Are there on your farm persons who could take up gainful employment outside it?' Just those two instances make a telling illustration of the great labour reserves latent in individual farming.

### THE ATTITUDES OF THE RURAL UNEMPLOYED

The consequences of rural unemployment are of different kinds: economic — consisting of incomplete utilisation of production capacity of the community, decreased consumer demand and deterioration of the material position of the unemployed; psychological — the necessity of becoming adjusted to the new role and the resultant flaw in personality of the person concerned; social — enhanced feeling of insecurity due to the threat of loss of work by many people who are so far employed; political — the peril of liable destabilisation as a result of spontaneous social movements.

The consequences mentioned above are mainly those of macro-social significance. It is also essential, however, that the loss of work and the given person's occupational inactivity for a prolonged time is a fact bearing consequences for the individual concerned. It is possible to single out a few stages illustrating the impact exerted by the lapse of that time on typical changes occurring in the individuals personality. At first, dismissal from work causes a shock. Later on, a stage of reflection follows, with the resultant treatment of the new situation as that of forced leave and a rather optimistic attitude towards the problem. It is then that the questions are posed: What is to be done? Work for lower wages? Change ones trade? ...That mood does not last long and gives way to a feeling of deep disappointment and failure, decrease of self respect, boredom. The next stage is one of pessimism, due to the loss of hope of being gainfully employed again — the stage that ends in fatalism leading to a complete paralysis of any positive activities. In the course of time, motivation to gain work is clearly waning, and the person concerned gives up any steps towards gaining employment. The sense of causation is diminishing as well, to be replaced by the syndrome of helplessness. The other models of 'transformation of

unemployment' are reduced to the pursuit of substituting careers, e.g. by the prolongation of the process of education, or by early retirement.

A direct effect of the loss of employment is, above all, deterioration of the financial state of the person concerned.

The loss of income derived from gainful employment cannot help but cause a lowering of the standard of living. The situation is particularly difficult for those people who — even before that loss — were ranked amongst the lowest income groups. Nevertheless, formerly well off people quickly approach the border line of poverty as their savings are depleted. It is difficult to make a correct diagnosis of this mass scale phenomenon with work being taken on the black market and of other incomes being derived from other than open sources.

The circumstances of the majority of the unemployed are determined by the availability and the amount of benefit, their only means of subsistence. One unresolved matter is that of people, especially families, in which all members, once gainfully employed, were dismissed from work who have lost the right to unemployment benefit and are doomed, in the best case, to assistance on the part of social welfare and other charitable institutions. The state's policy in that area must be defined clearly and the legislation binding. The mere shifting of responsibility from the central authorities to local government has not solved any of the problems.

Long lasting occupational inactivity brings about serious problems concerning one's time resources — a matter of particular significance in the case of men. Excess leisure time leads to boredom, and apathy towards taking on work. The limited possibilities of leisure time is not only due to ever dwindling financial resources, but also to the quickly weakening ties with the groups of people with whom the unemployed once associated — work colleagues, circle of friends, relatives etc. It is the sense of failure, of one's redundancy that ends in withdrawal of life from the community and growing isolation which, in turn, intensifies the attitude of resignation.

A secondary effect of unemployment is ill health of the people afflicted by it. Note the increase in the number of people suffering from gastric troubles, heart disease, neuroses and mental disorders. Growth is also recorded, especially amongst juvenile unemployed, of alcoholism, drug abuse and also criminal delinquency and cases of suicide. The mental state described is deteriorating and becomes widespread in the circumstances of persistent unemployment, lack of vacancies in the labour market, and total dependence on assistance rendered by social welfare institutions. There are grounds for the statement that a man who has been unemployed for two or three years and has come to the conclusion that he is helpless to change that situation, stands no chance of reverting to normal life. This applies in particular to men. The somewhat different position of women can be explained by their weaker orientation to work. Yet another example is the unemployed

youth. In this instance, we have to deal with the rise of a new category — of the 'impaired generation', within which rebellion cannot help but make an appearance as new tactics of survival.

The empirical studies, carried out by the Institute for Rural and Agricultural Development, Polish Academy of Sciences, have also explicitly pointed out the considerable difficulties faced by the rural unemployed in the determination of the new socio-political order rising in Poland and of finding a place for themselves within that society. Almost all of them have withdrawn from public life and do not take on extra tasks. Escape to mediocrity, seclusion within ones family and a small group of friends is a common occurrence.

### Assessment of Public Life

The lowest degree of the respondent's approval was given to the social phenomenon which have most effect on human relations. Opinions connected in the sphere of security were not much more favourable. The feeling of security in the unemployed is clearly lower today among the personnel of a large industrial plant than at the end of the seventies and in the period following the declaration of martial law. It should be noted, however, that an improvement has occurred in the sense of control over, and impact on, a course of events. Generally speaking, the picture of public life emerging from the statements of people who lost their jobs in the early nineties seem worse, in almost every respect, from that of any of the preceding periods. It is hard to say whether those feelings are specific to the rural unemployed or of the unemployed in general and, irrespective of that, a manifestation of the tendency of a more universal nature.

Evidence of the poor physical condition of the rural unemployed is found in their poor frame of mind. The relevant research pertained to self esteem, the level of social bonds, confidence and acceptance and finally, their surrounding world of values and norms and the social context of activities with its stability, clearness and logical course of events. A more general classification of the unemployed into groups of those in a good frame of mind, those with ambivalent characteristics of their physical state and the despondent has shown that it is the latter which prevails. It is worth noting that aspect of unemployment as well since it involves the basic right of every active subject.

## 4. UNEMPLOYMENT — THE POLISH WAY. PRIMARY ASSESSMENT OF THE PHENOMENON

The sources of unemployment in Poland, and to be more precise, the causes of its rapid manifestation, are inherent in the transformation of this

country's economic and political system. True, in the Constitution the rule is still binding of the citizen's right to work. However, in the past, its objective was to have everyone engaged in socially useful work, those shirking that duty were ranked as 'parasites'. At present, however, the supreme criterion in the labour market is to economic efficiency, leaving a certain number of people jobless makes a lasting element of the new system. It is recognition of the supremacy of economic profitability, combined with deep economic recession and finally, intensified by attempts at its restructuring, that has resulted in the rise of an army of the unemployed. The said recession has turned out to be, for many different reasons, much deeper than originally assumed, with the drop in industrial production twice as large as that of the number of gainfully employed people that could not help but lead to a decrease in the productivity of labour. The drive for protection of the level of employment can be observed in the enterprises of the public sector. In the instance of the establishments and institutions financed by the state budget, its stagnation has been recorded. What has diminished, however, is employment in the area of material production, an eloquent example of the radical solutions being the once socialised sector of agriculture.

An essential source of unemployment is the concept of the economic policy pursued by successive governments after the year 1989, with the resultant curtailment of subsidies granted by the State Treasury to socialised enterprises and those financed by the State budget, and with unemployment recognised as a means of restructuring the economy. Many establishments and institutions either went bankrupt or, more frequently, strove for adjustment to the rules of the market and money game — new to them — and resorted to mass redundancies.

The quantitative range of the phenomenon is impossible to define for a number of reasons. Large plants and heavy industry face fundamental structural changes and even ultimate solutions. It is still vague which of the state owned enterprises have a chance of restructuring and surviving, and those which will be allowed to go to the wall. Will anything take the place of these enterprises? Nobody is secure in the future. There are more unknown quantities in this respect. They preclude an answer to the question: *To what degree will restructuring contribute to a further increase in unemployment?*

The chances are that the number of unemployed will grow in the immediate future because we do not control the causes of it. An alternative is keeping on the ranks of underpaid workers in unremunerative establishments, i.e. the maintenance of disguised unemployment.

Consideration of the proceedings of various political parties and their programmes and declarations, seems to indicate that the question of unemployment is approached by them in all seriousness and treated in a similar



way. Yet its concept varies in the respective ideologies and doctrines. Suffice it to mention that the same phenomenon is seen quite differently by the liberals, regarding unemployment as a rather ordinary manifestation of the functioning of a market economy; people afflicted by it have to fend for themselves, than by social democrats, to whom unemployment is a mischance, affecting mainly the hired workers; the state and society have obligations ensuing from the principles of compensative justice.

As is frequently the case today, after the lapse of a few years, we are able to point out — alas, after the damage has been done — the errors committed in preparation for taking up the great challenge <sup>2</sup>.

The first of them was the faulty definition of the notion of unemployment as such which enabled many tricksters to take advantage of an opportunity coming their way. The second was the granting of a monthly benefit to all the unemployed registered on that route. As that group of the unemployed is extremely large, the involved state budget expenditure runs to billions of zlotys. The third mistake was granting a social security allowance for an indefinite period, that is, as if for ever. Hence the conclusion that was from the very beginning, a passive approach to the problem.

Both the factors, shortage of financial means and passive social policy, contribute to the consolidation of undesirable tendencies than to counteracting of the phenomenon of unemployment and combatting its massive scale. We do not pay sufficient attention to the need for making people who have been dismissed from work, return to it with active forms of assistance, qualifying for a new job, emergency and public works. More emphasis is laid on the protective function of the benefit — ensuring to the people concerned a minimum necessary for biological survival, than on an enabling system. That attitude is also depicted in the state budgets for the years 1991–1994 in which nearly 90% of the available financial means was allocated for the payment of unemployment benefits and only the small remainder on others modes of counteraction. What is lacking is not only determined activity but also a strategy of a global nature.

Hope is generally placed in economic upturn and increase in productive employment. The situation of the Polish economy is so complex that it is not yet known if we are past the worst. Response to the challenge of new times with its slogans: 'Fend for yourself, show enterprise', supported by promulgation of relevant legislative acts has already resulted in the rise

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<sup>2</sup> The works of Polish specialist literature appeared a few years ago, together with mass unemployment. Their number is growing at a rapid pace. More than one hundred books dealing with the problems of unemployment and the unemployed have been published in a short time. The question of the specific traits of rural unemployment is tackled by: M. Szyłko—Skoczny: *Spoleczne skutki bezrobocia w wymiarze lokalnym (Social Effects of Unemployment on a Local Scale)*, Warszawa 1992; *Syndrom bezrobocia (Unemployment Syndrome)*, edited by: R. Borowicz, K. Lapińska—Tyska, Warszawa 1993.

of 1,500,000 private enterprises operating in Poland today, exclusive of the 'inherited' family farms. Those are, however, mainly small enterprises employing the owner or members of his family. Only a few of these firms employ more than a few workers. Trade has been privatised almost completely, communications and the building trade, to a large extent. Yet the costs of privatisation notably exceed the assumed incomes to be derived therefrom. It is worth mentioning that the ratio of people made redundant and of the ones finding new jobs is 5:1.

### LIABLE SCENARIOS — THE RURAL PROSPECTS

Unemployment in the rural areas is, and will be, highly differentiated in spatial terms. It depends not only on the degree of their urbanisation, the existence of large towns, and distance therefrom, or the type of industrialisation, one big plant of heavy industry or many different enterprises, but also on the range of socialised sector or agriculture, transport connection, historical tradition etc. The habitual country town mobility, employment of inhabitants of the rural of areas in industry or services has disappeared almost completely. The urban centres can hardly cope with the problem of providing employment for its own residents.

The question is whether the declining enterprises will be replaced by new ones taking on workers with skills of various kinds? If so, unemployment will remain a persistent structural phenomenon yet, for the situation would be of a temporary nature. Consequently, that scenario starts from the supposition that, in the course of time, the channels of country—town migration will be unclogged and at least the surplus of the rural labour force will find employment there. However, the feasible chances of resumption of the strategy of neoindustrialisation seem to be almost nil.

The second scenario is much more threatening to the rural areas. It is based on the assumption of their being 'left to their fate', and continuing to act as a kind of sponge absorbing the mass of redundant people. This means that the present army of the unemployed will have been joined by new brigades. This applies in particular, to the rural youth, unable to find employment in town and so forced to eke out a wretched existence in their surroundings.

There is no doubt that only a part of peasant farms stand a chance of effective operation in the new conditions. As a matter of fact, it can already be seen how many of them are taking up the activities oriented on adjustments to market requirements. However, it is those remaining beyond those trends that are in the majority, and prepared to live in strained circumstances and make the family survive on its farm in direct connection

with the land. This means that the hopes of near liquidation of small sized unremunerative farms are untimely to say the least. On those farms will appear a mass of people having little work to do, or completely redundant from the viewpoint of production. All of them will fall into the category of victims to disguised unemployment. This is in glaring contradiction with plans for the intensification of agricultural production, economic effectiveness, transformations in agrarian structure etc. Should this prospect of migration free development come into being, its result can only be serious agrarian overpopulation.

The most optimistic and attractive is the third scenario. It call though, for changes in the area of agricultural policy as it is based on the assumption of the family farms being turned into a buffer to accelerating unemployment. The basic strategy, applied with regard to agricultural policy as a whole, and liable to effectively alleviate the effects of the shrinking urban labour market and reproduce the steady foundations of mobility of the rural labour surplus, should consist in the development of pluriactivity.

Apart from stimulation of the traditional lines of processing agricultural and food products, and other local resources, the said strategy should also support productivity connected with up to date branches of industry and technological processes, i.e. the more labour intensive production of wholesome food, which facilitate deconcentration of the process of production. A prerequisite of promoting such a scenario of transformation in the rural areas is adequate advancement of their infrastructure. A consequence of the connections mentioned above is the argument for support being simultaneously given to production and infrastructure investments in the country, with urban centres of local significance included in the process. An instrument of that support should be, above all, a system of fiscal and legal preferences acting as inducements to investment of capital in the rural areas.

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One thing is beyond doubt. The question of rural unemployment is not going to go away on its own. At present, Poland comes third on the list of European countries with the highest rate of unemployment. The European Social Charter, signed by Poland, has put the Polish government under an obligation to provide for and maintain, 'as high and stable level of employment as possible in order to attain its full scale'. Nevertheless, the present day possibilities are none too promising in this respect.