

Poland's Informal Economy

BY JOSEPH H. BROWN



by Gault

In Nowy Targ, gateway to the Tatra Mountains, a woman sells garlic.

WESTERN ACCOUNTS of Poland, usually caught up in the Solidarity movement and the imposition of martial law, occasionally describe an economy that seems to function despite its inefficiency. In many Eastern-bloc countries, as well as in the Soviet Union, an informal economy, underlaid by social networks, works in conjunction with the formal or state-sponsored economy. Problem-solving networks that connect the community to the formal economy and bureaucracy are the mechanisms of the informal economy. Among other things, the informal economy stimulates the formal one, making scarce goods available to those who can afford them, providing jobs to an unemployed and underemployed population, and putting additional hard currency into circulation.

For an illustration of how the informal economy operates, first consider Mr. Jones, who lives in Beaver Falls outside of Pittsburgh, and owns a small business that manufactures soap. Whenever his stock of rosin runs low, Mr. Jones gets on the telephone, takes price quotations from several suppliers, places an order for the best buy, and, in what seems like no time at all, receives a shipment of rosin.

Mr. Dzwonczyk, who lives in Karczew outside of Warsaw, also owns a small soap-manufacturing company. He has recently replenished his dwindling supplies of rosin according to a scenario that, to a Western observer, is unbelievably complex. To his neighbors in Karczew, it is business as usual.

The transaction begins one Sunday when Jan, a bank cashier who doesn't even know Mr. Dzwonczyk, is having tea at his Aunt Jozefa's. Here he meets Tadeusz, another guest, who mentions that he has an excess consignment of rosin. Tadeusz, however, doesn't actually have extra rosin; he simply knows a man named Marcin who does.

Enter Leszek, a customer at Jan's bank. One day at the cashier's desk, he casually mentions to Jan that he is looking for rosin. Jan, in turn, informs Leszek that he has the rosin and asks Leszek to call him tomor-

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row, when he will be able to quote a price for the material.

Leszek, it turns out, doesn't really need the rosin; he has merely learned about the shortage from his friend Piotr, who, in turn, heard it from Mr. Dzwonczyk. So Leszek goes immediately to Piotr with the news that he can have rosin available in two days. While Piotr looks for Mr. Dzwonczyk, Jan finds Tadeusz through Aunt Jozefa, and Tadeusz, in turn, looks for Marcin.

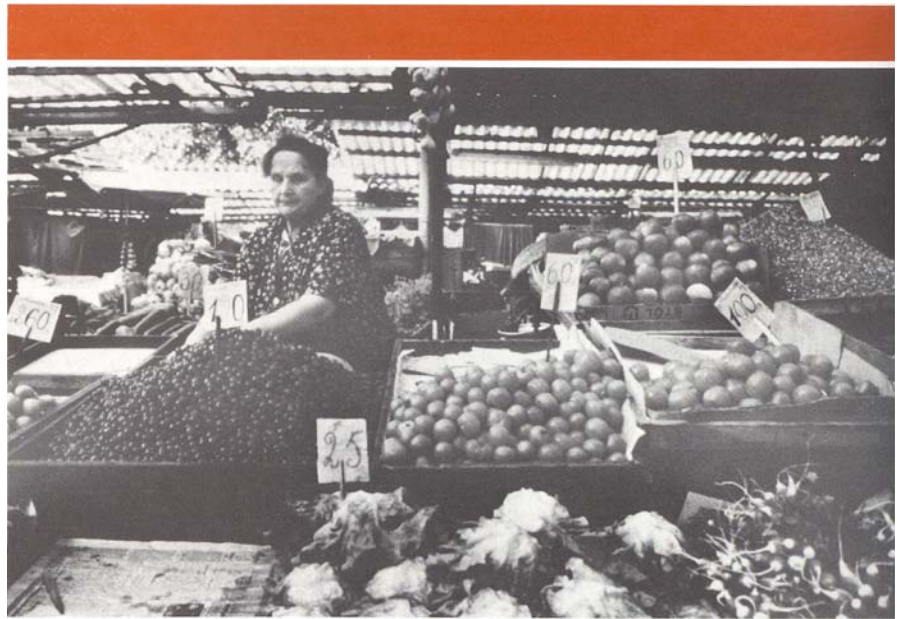
Eventually a chain is established that links Marcin to Mr. Dzwonczyk through Tadeusz, Aunt Jozefa, Leszek, and Piotr. Mr. Dzwonczyk can now place an order for rosin. Of course, he pays more than if he had ordered the rosin through official channels because everyone involved gets a cut. For Mr. Dzwonczyk, however, the results are well worth the extra cost. He does not lose a day of production waiting out interminable delays in delivery, nor does he have to confront the possibility that an order placed through government channels may never get filled at all.

Until recently, these informal networks attracted no serious scholarly attention in the West. Interest in the subject is growing among younger Polish social scientists in particular, and their research results will soon be available outside Poland for the first time. With NEH support, social anthropologist Janine Wedel is editing and translating a collection of ten essays for a forthcoming book.

By introducing Western readers to the social and economic system that allows the Poles to survive on a daily basis, the essays will provide a key to understanding socialism's underside. "Informal economies not only permeate economic systems but are of prime importance to political and social aspects of society," says Wedel. "Knowledge of how informal social networks and structures relate and respond to external constraints is of major consequence to the determination of a country's internal stability."

The informal economy in Poland is not a new phenomenon. Extralegal networks were prevalent during the partitions of the eighteenth and nineteenth centuries and, more recently, during the German occupation of Poland in World War II.

"Even the most totalitarian of systems cannot control everything,"



Produce for sale in the Polna Market in Warsaw comes from small, privately held plots of land. There are few collective farms in Poland.

Wedel says. "Thus the laws and policies implemented by the Nazi *General-gouvernement*, including the rationing system and the prohibition of buying and selling agricultural products, were in reality no more than a social fiction. Faced with the fact that following the rules meant starving, Poles revived extralegal means of surviving in spite of the regulations."

These distribution networks continued to play a vital role in postwar Polish social and economic life, says Wedel. "After the war, Soviet-style political and economic institutions--state planning, centralization, and the one-party system--were imposed on a country with vastly different cultural institutions. This situation encouraged continued development of extralegal networking and a system in which individuals deal with official constraints and public chaos through private means."

Wedel has found that the development and fine-tuning of that system continue to this day. Long-established patterns of behavior continue to allow people to survive, even in the face of resources that have become increasingly scarce during the last decade.

Wedel spent the years 1982--86 at the Warsaw University Institute of Sociology, conducting research on informal social networks in Poland. She worked independently at first because at the time she arrived, martial law had only recently been

imposed, and it was difficult even for Polish social scientists to ascertain the circumstances under which research could be conducted. After about a year and a half, she began to make contact with other scholars through the same kinds of informal networks she had come to Poland to investigate. Without these networks, she explains, her research could never have progressed as far as it did, and she certainly would never have been able to put together the anthology.

Everyone in Poland is involved in informal networks to some extent, notes Wedel. "Of course, some people are better placed because of particular employment or family connections, and some are much more skilled at operating within the system." And, she points out, *informal* is not a synonym for *illegal*. Many transactions that take place outside Poland's formal economy are as straightforward as exchanging surplus ration cards for babysitting services. "Many others," she points out, "fall into a gray area, and no one, not even lawyers, can tell you whether they're legal or illegal. What's especially interesting about the system is that the Poles do not think of it in terms of legal or illegal."

Wedel cites special terms that are used every day for dealing in the informal economy that, almost intentionally it seems, obscure the dis-

inction. The terms are remnants of a traditional society that persists despite fifty years of Nazi and then Soviet totalitarianism. Wojciech Pawlik, a contributor to Wedel's book and a sociologist at the Warsaw University Institute of Social Prevention and Re-socialization, confirmed Wedel's observations. He found, she reports, that "the informal exchange of goods and services has become so prevalent that an elaborate etiquette and an entire language have evolved around the system. Euphemisms help people rationalize activity that may be illegal or semilegal. The proper etiquette protects parties to a transaction by letting people know whom they can trust."

For example, to make an arrangement with someone, it is necessary to be considered *swój* (one of us), not

obcy (stranger). "Becoming *swój* is the first step in the privatization that takes place at every level of the economy" says Wedel. Likewise, *złatwić* (to "arrange" matters), roughly equivalent to our *finagling*, is an art.

"It's a very personal thing" Wedel explains. "You've got to show that you are human. You can't just go into a store and say, 'I want that leather bag. I can arrange such and such for you.' No! Not only can business not be transacted that way; it can't even be alluded to until you have established some personal relationship. And that may involve coming back five or six times before you can begin to talk about it. That's if you have no connection to the clerk. If the clerk happens to be your best friend's cousin, the process is usually easier."

The articles to be included in Wedel's anthology are both descriptive and analytic. Among the contributors are sociologists, anthropologists, economists, writers, journalists, and church and government representatives. Several articles trace the roots of Poland's informal economic and social system and describe how various aspects of the informal economy work. Others are concerned with the value system connected with the informal society the ways in which that value system has changed over time, and the obligations of reciprocity and mutual aid among family, friends, neighbors, colleagues, and acquaintances. Still others analyze the factors that brought Poland's informal social and economic system into existence and contribute to its continued growth and development.

"While interest in the subject is growing" cautions Wedel "it must be understood that, in Poland, extensive exploration of the informal economy is not officially encouraged. It is not possible to go to a library and find a bibliography on this topic. There are interesting works to choose from but no systematic way to locate them. Much of what has been published has appeared in small-circulation scholarly journals or in books with very limited print runs--sometimes as few as 100 copies. "While almost anything can be published in Poland, the rule is, essentially, the smaller the circulation, the more you can say," says Wedel.

By plumbing these relatively obscure sources, Wedel will be transmitting to readers of English, through firsthand experiences of Polish social scientists, writers, and journalists, some of the ways in which society shapes the economy in a socialist system. It is not official suppression but simple lack of attention that accounts for the long scholarly silence on Poland's informal system thus far. "When I asked a noted Polish sociologist why the Poles had conducted so little research on the informal social and economic system," says Wedel "he replied, 'For us, this is just everyday life.'"

In 1987 Janine Wedel received \$16,000 in outright funds from the Translations category of the Division of Research Programs for "The Unplanned Economy: Poland's Second Society."



This goat seller in Nowy Targ is an example of private entrepreneurship in Polish agriculture.