


Is there an alternative to neoliberal capitalism in Eastern Europe?

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Andrzej Szahaj, *Kapitalizm drobnego druku* [Capitalism of Fine Print], Instytut Wydawniczy Książka i Prasa: Warszawa, 2014; 242 pp., ISBN 9788362744862, PLN 30.

Andrzej Szahaj, *Inny kapitalizm jest możliwy* [Another Capitalism is Possible], Instytut Wydawniczy Książka i Prasa: Warszawa, 2015; 188 pp., ISBN 9788365304032, PLN 30.

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To understand the current state of Polish capitalism, one needs to know the context and conditions in which it was created. The events of 1989 and the collapse of the Eastern bloc led to the development of a reality with no alternatives, in which Eastern Europe was doomed to copy neo-liberal models and implement socio-economic policies suggested by the International Monetary Fund. This project, however, was implemented ruthlessly, without taking social issues into consideration, in a way that was typical of the colonial relations experienced in previous centuries in Africa or America.

The intention of capital was to acquire new, large markets and the unlimited resources offered by a cheap labour force. Furthermore, this workforce was, in many cases, rather well educated and ready to make sacrifices. Therefore, the kind of capitalism that was to be implemented in Poland in the early 1990s had nothing to do with the one that was developed in Western Europe after 200 years of social struggles. It was supposed to be a purer form of capitalism, unrestricted by any social agreements and not threatened by criticism from social movements and trade unions. It was not to be a version of the Rhenish model of capitalism, familiar in Germany and France and based on a long and well-established tradition of negotiating with trade unions. Nor could it have been based on the Scandinavian version: from the 1990s onwards, it was said in Poland that Polish society could not afford such a solution. Systemic changes in Eastern Europe were supposed to be initiated by the colonial variant of capitalism, which was characterised by the privatisation and great social inequalities that occurred in South America during the 1980s. Besides, the same consultants who helped establish the ‘market order’ in Bolivia (e.g. Jeffrey Sachs) also turned up in Poland in the early 1990s.

According to Andrzej Szahaj, this form of capitalism was also devoid of any moral inhibitions, with those responsible wishing to implement capitalism as a system of organised fraud. The title of the book, *Capitalism of Fine Print*, refers precisely to this phenomenon. This is a world of unfair contracts, where what is most important is written in such fine print, in the hope that customers will easily fall prey because they will not

bother reading long contracts with many footnotes written in an even smaller font. It does not matter if it is a credit agreement with a bank or with an employer, a development company or an investment fund. We can be sure that the other party will try to deceive us. As the author writes, 'capitalism in the neo-liberal form has revealed its worst features and unleashed the dark side in those who have been implementing it' (p. 175). Indeed, every day we hear about cases of price-fixing, so-called tax optimisation or hostile takeovers of smaller firms by big players in an increasingly monopolised market. In purely humanistic terms, this gives rise to a general atmosphere in

contempt of workers' rights and profit maximisation at the expense of human harm (i.e., junk agreements are a good example), the increasing exploitation of workers, which is shamelessly hidden under the guise of economic efficiency, and the use of information asymmetry to pull people into the modes of the stock exchange, which more and more resembles a huge financial pyramid. (p. 176)

According to the author of this book, these trends are particularly painful for young people, who are taught in their workplaces to accept manipulation and live a lie. Young people's clashes with institutional mechanisms, whose main concern is the logic of profit, breaks their character. In this way, social demoralisation of individuals is a systemic prerequisite for the duration of the present economic order.

Interestingly, the book also reflects on the evolving concept of 'cognitive capitalism', which refers to all processes of work dematerialisation, the ever-reduced importance of the role of industry and the transition to an economy based on intellectual work. This has psychological, social and political consequences, as it pushes the traditional working class to the margins, breaks lasting bonds between employees through the individualisation of employment and destabilises a sense of safety in the work environment. This undermines the importance of trade unions and, in the political dimension, privatises both public problems and the ways of solving them. Although some of these changes may be justified by technological progress, their description, interpretation and conclusions drawn from them are usually ideological: they hide class interests under the guise of stories about the objective necessities of development. According to Szahaj, it is an example of the naturalisation of processes that possess the most political or social nature. This 'naturalisation' means that what is really within the range of human will, as well as dependent on the interests of certain social forces, is presented as inevitable fatalistic processes, which allegedly cannot be affected by man. As the author writes,

The narrative of cognitive capitalism, the new economy, tries, like every ideology, to create the impression of an objective and axiologically neutral description of some processes that are beyond human influence, and strives to achieve hegemony in the field of awareness, so that its legitimacy is also recognised by those for whom the states of the things it postulates/describes are unfavourable. (p. 96)

Is there an alternative to these trends? Andrzej Szahaj is not radical in Western European terms, nor is he in favour of any particular vision of socialism. He only tries to show that there may be variants of capitalism other than the neo-liberal one. In his second book, entitled *Another Capitalism is Possible*, he gives the example of the Scandinavian countries, which is enough to be perceived as radical in Poland. From the beginning of the

1989 systemic transformation in Poland, it was indisputably assumed that the socio-economic order referred to the American version of capitalism, in the spirit of Friedman and other market fundamentalists, as the only possible variant. This variant makes a fetish of private property. Other forms of ownership (cooperative, state or municipal) are discredited or eliminated for ideological, rather than economic, reasons. For example, from the beginning of the 1990s, state-owned farms (PGRs - Państwowe Gospodarstwa Rolne) were liquidated in Poland owing to a political decision, as opposed to one based on economic performance. Even now, more than 25 years after the systemic transformation, areas of former PGRs and their employees are socially excluded. The myths on which the social approval of neo-liberal capitalism was created in Poland have been lying in ruins for a long time: the first myth is about the trickle of wealth from the top to down, while the second myth concerns the story of free, social and economic mobility, which is allegedly guaranteed by the free market. As Szahaj claims, however,

wealth has long been stuck at the top of the social pyramid and there is even more and more of it there, so the famous maxim, which legitimises this type of capitalism, 'from rags to riches', is now 'from rags to rags and from millionaire to billionaire'. (p. 133)

A greater role of social assistance (in the Scandinavian variant of capitalism) and the term 'redistribution' (which is cursed in Poland) make it possible to outline a framework for a social step forward. Although the Scandinavian countries are not without flaws, they have still made great progress in labour relations and social standards compared to the experience of Eastern Europe.

Both books by Andrzej Szahaj, which are collections of critical reflections on the effects of the system transformation in Poland, show that there is a great deal of dissatisfaction and disappointment with the current socio-economic situation. This dissatisfaction is not necessarily reflected in progressive political changes. As history shows, changes are not always progressive; sometimes, frustration causes an authoritarian reaction. Therefore, both social equality as well as freedom are at risk. The current wave of nationalist sentiments in Europe only confirms it. The change from a neo-liberal government to a government of right-wing populists, as happened in Poland in 2015, is not a good solution. Moreover, while the right-wing nationalist government of Law and Justice (PiS) uses national phraseology and slogans about defending the Polish capital, it continues to implement a neo-liberal doctrine. The real problem is not the origins of the national capital but its relations with the world community. 'National capitalism' is no more progressive and no less peripheral than transnational colonial capitalism, in which global economic structures squeeze the very last drop out of a local, cheap and overworked labour force. It only tries to mask the crisis of the capitalist system with increasingly fascistic political solutions. Instead of trying to reduce social inequalities, it tries to discharge tensions by encouraging the public to find scapegoats: 1 minute, refugees are to blame, then it is the fault of demonised criminals, or 'demoralised circles' who live in poorer neighbourhoods. As such, it is these suspected 'others', and not those in the circles of political or economic power, who are said to be the enemy. In such conditions, they talk about defending the 'national identity' rather than workers' rights. The state and capital can again sleep peacefully for the time being under the veil of nationalist hysteria. However, this is a topic for yet another book.