

# Mirosława Grodzka, Zbigniew Mitura

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Mirosława GRODZKA, Zbigniew MITURA

**The Model of Polish Handicraft in the Opinions of Representatives  
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Modeli rzemiosła polskiego w świetle opinii przedstawicieli samorządu rzemieślniczego

I. In the socialist economy, whose mechanism of functioning was based on central planning and directing the economic processes, handicraft had limited possibilities. The range of activities of individual handicraft was marked by the state's policy — current for a given stage of the country's developmental strategy — towards private enterprise and legislative regulations adjusted to this policy which regulated in detail the organisation and functioning of economic subjects. Those regulations concerned especially the following: licensing handicraft activity, the policy of investments and credits, supply in raw materials, materials, tools and premises, fixing prices for handicraft goods and services, organizing the sales, the system of taxation, training apprentices in this profession, social insurances. The state's policy towards handicraft and the legislative instruments which accompanied this policy were characterized by inconsistency and changeability. The decisions were often made on the basis of political and not economic arguments. Because, for ideological reasons, the economy clearly preferred social property, the relation of state authorities to handicraft was characterized by distrust and unfavourable attitude. Although later the views concerning this problem got liberalized, the regulations determining the economic activity of handicraft were a limitation inhibiting the development and functioning of private enterprise. Lack of a clear and long-term concept of handicraft development, frequent changes of political decisions and legal acts which determined the formal-legislative and economic frameworks of activity created a situation of uncertainty, fear and the feeling of instability. This had a negative effect on the development and functioning of handicraft, which in its nature was meant for earning money.

Such a situation discouraged craftsmen from engaging their own means into the development and technological improvement of their workshops or preparation of their successors.<sup>1</sup>

Handicraft is in its nature adapted to functioning in the conditions of market economy. It could seem that the process which started in 1989 of passing from centrally planned to market economy should have created favourable conditions for the development of this form of economic activity which had centuries of tradition behind. Unfortunately, in recent years Polish handicraft has undergone a deep crisis, and according to the opinions of its members transformation of the economic system caused severe material losses in handicraft. Therefore, a question arises of why in the former economic system handicraft survived in spite of unfavourable conditions and it showed considerable resistance to numerous barriers and difficulties, while in market economy it experiences such a deep crisis.<sup>2</sup> The present paper tries to show certain economic and legislative conditions of the former and the present situation of handicraft on the basis of accessible literature, binding legal acts and documents of the Polish Handicraft Association as published in Information Bulletins.

II. Causes of the favourable development of handicraft in the former economic system should be sought mainly in those properties of handicraft which make it possible to adapt itself to different political solutions and changing economic conditions. These characteristics include the following<sup>3</sup>:

- 1) direct link between work and the ownership of production means, which stimulates craftsmen for more rational use of production factors;
- 2) independent management of handicraft workshops, often as family establishments, which lowers the costs, simplifies the system of management and solves problems of the successors;
- 3) broad range of handicraft activity including manufacture, artistic work, building, etc.,

<sup>1</sup> *On periodization of the state's policy towards handicraft*, cf. W. Piotrowski: *Jak zejść z huśtawki*, „Tygodnik Demokratyczny” 1971, no. 41.

<sup>2</sup> *On the conditions of handicraft development*, cf. H. Graszewicz: *Podstawy gospodarczej i społecznej użyteczności rzemiosła a polityka jego rozwoju w warunkach reformy gospodarczej*, „Zeszyty Historyczno-Polityczne SD” 1984, 1, p. 28ff. M. Grodzka, Z. Mitura: *Podstawowe uwarunkowania rozwoju polskiego rzemiosła w latach osiemdziesiątych*, Ann. Univ. Mariae Curie-Skłodowska, sectio H, vol. XXIII, 10, Lublin 1989, p. 137ff. id.: *Bariery*, „Tygodnik Demokratyczny” 1984, nos. 4, 5.

<sup>3</sup> Cf. H. Graszewicz: *op. cit.*, p. 31ff.; Cz. Niewadzki: *Małe przedsiębiorstwa przemysłowe w gospodarce narodowej*, [in:] *Przemysł drobny i rzemiosło*, Warsaw 1958, p. 109; M. Rylke: *Nowe instytucje regulacji prawnej rzemiosła*, „Państwo i Prawo” 1973, nos. 8—9, p. 123ff. id.: *Nowe instrumenty prawne w dziedzinie rozwoju rzemiosła*, „Państwo i Prawo” 1977, no. 5, s. 42ff.

4) high level of qualifications of the people pursuing handicraft activity, which is acknowledged by proper documents such as master's and other diplomas;

5) producing goods and rendering services of high quality, often unique ones and requiring great skills, which can satisfy the needs of people with big demands;

6) direct contact with the local market, which enables fast reaction to the changing needs of the consumers;

7) relatively good conditions and low costs of training the staff for the needs of handicraft and other domains of the economy;

8) relatively low costs of production and services.

Craftsmen are usually spatially dispersed and they work within a small market. Therefore, there is a possibility of their being exploited in the process of economic activation and satisfaction of the needs of local communities.<sup>4</sup> When they undertake a variety of economic activity, it is possible to utilize more fully the local resources of raw materials, technical infrastructure and the working power. In the situation of excessive labour force, handicraft becomes an important employer on the local market. Handicraft has an advantage in solving the local problems of unemployment because: a) new places of work are created mainly from craftsmen's own financial means, b) the costs are relatively lower than in other spheres of economy, c) handicraft activity is relatively more economical in using the production means.<sup>5</sup>

Thanks to these valours, it is easier for handicraft to endure difficult conditions resulting from the political solutions and temporary disturbances caused by transformations of the economic system.

III. The above advantages of handicraft could not have remained unnoticed by the authorities of the Polish People's Republic. They were often used in the economic policy of the state to soothe the social tensions caused by almost permanent shortage of goods and services. The following tasks were set before handicraft in this respect:

1) greater possibilities of investments by means of making use of the reserves at the disposal of craftsmen, both in the form of investments and the financial means;

2) soothing the effects of permanent market imbalance between the supply of goods and services on the one hand and a growing effective demand on the other;

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<sup>4</sup> Cf. H. Graszewicz: *Rola i miejsce rzemiosła w rozwoju usług*, Biblioteka Instytutu Handlu Wewnętrznego i Usług, Warsaw 1979, p. 14.

<sup>5</sup> Cz. Niewadzi: *Polityka rozwoju rzemiosła w Polsce*, PWE, Warsaw 1968, p. 30, cf. *Rzemiosło 2000*, collective work, ed. CZR, Warsaw 1983, p. 41.

3) absorbing the local surplus of labour force and training the staff for the needs of handicraft and other domains of the economy;

4) within cooperation agreements, manufacturing of small non-serial and often unique parts and elements the production of which in big nationalized firms would be difficult and unprofitable;

5) using handicraft as a specific and cheap reserve of production and services which was territorially dispersed and easy to set in motion in case such needs should arise for the economic activation of small towns and estates;

6) using handicraft in order to increase the inflow of foreign currency through export of attractive handicraft articles, activation of anti-importing production.

These tasks were often connected with favourable changes in the state's economic activity defined as a "green light" for the development of handicraft.

IV. The process of marketization of the Polish economy which began in 1989 and deep political reforms connected with it did not improve as was expected but even worsened the situation of small private manufacture, especially in agriculture and handicraft. In the process of economic transformations, the state authorities did not provide for any protective instruments for those forms of economic activity, assuming that the economic subjects functioning on the basis of private ownership of the production means would quickly adjust themselves to the conditions of liberal market economy. Unfortunately, because of a number of unfavourable factors, Polish handicraft has suffered especially severe losses in recent years. Out of 500,000 handicraft establishments existing in the years 1990—1993, about 30% gave up their activity. A considerable regress and reduction of the activity of craftsmen's self-government and handicraft organisations took place. More than 1,000 handicraft organisations including 26 chambers, 468 guilds, 494 handicraft co-operatives and 20 wholesale firms, existed in 1992.<sup>6</sup> Nowadays, most of them struggle for survival. In the craftsmen's environment this state is called a crash, collapse, crisis of handicraft and this phenomenon is considered to be related to the following causes.

1. The act related to the economic activity passed on 23 December, 1988 proclaimed full freedom and equality of the subjects in undertaking and running economic activity.<sup>7</sup> According to Article 1 of that act "undertaking and pursuing economic activity is free and allowed to everybody on the same rights, keeping the conditions determined by

<sup>6</sup> Biuletyn Dekadowy Z.R.Z.Z., Warsaw 10, June, 1992, p. 88.

<sup>7</sup> Dz.U. 1988, no. 41, item 324.

law", and those conditions were limited to the necessary minimum. Independent of the type of ownership, all the economic subjects are submitted to public and legal burdens and they make use of bank credits and provision in production means on the same principles. Certain privileges were only considered for the subjects with foreign participation. Full liberalization of undertaking and pursuing economic activity shook the sense of the existence of handicraft as a separate form of economic activity.

2. The act related to handicraft passed on 22 March, 1989 did away with an obligation of those subjects to belong to handicraft organisations and with the list of crafts determining the kinds of activity in handicraft.<sup>8</sup> According to the craftsmen, legal solutions contained in both these acts resulted in devaluation of traditional values of professional ethics of handicraft, which was formerly guarded by strict conditions of qualifications and the duty of rendering the services in a reliable way. A number of elements in the act of economic activity caused the appearance of fictitious firms which did not undertake any activity or which pursued this activity but in a defective and unreliable way, the loss being on the part of the receivers of goods and services.<sup>9</sup> Those elements included and especially simplified system of registering the subjects, a broad range of exceptions to the registration, lack of the requirements for qualifications and a considerable limitation of the controlling functions of self-government over handicraft activity.

3. Handicraft, which of its nature was not afraid of competition, has encountered too strong and often dishonest competitive struggle recently. The activity of the following appeared to be too competitive for handicraft: 1) a huge number of economic subjects which undertook their activity on liberal principles determined in the act of 23 December, 1983, 2) state and co-operative establishments which defend themselves against bankruptcy undertaking any economic activity giving them some profit, 3) legal importer and illegal traders bringing in very cheap foreign goods. At the same time, the methods of fighting inflation used by the government caused a radical reduction of the demand for goods and services. 4) An expensive credit deprived the craftsmen of an access to this basic source of financing the economic activity, while their own resources are far too insufficient because of low profitability of the majority of craftsmen's firms. The economic condition of handicraft is made even by: a) lack of economic stabilization reflected for example in too frequent changes of the financial regulations, which increases the risk of investing,

<sup>8</sup> Dz.U., 1989. no. 17, item 92.

<sup>9</sup> Decade's information Z.Rz.P., Warsaw 20 March, 1992, p. 29ff.

introducing new technologies and purchasing expensive machines, b) no cooperation of the government and financial institutions with the organisations of handicraft self-government in the sphere of crediting the economic activity and making use of the western credit lines to this aim, c) limited possibilities of making use of cheap preferential credits and reductions for investments, d) defective functioning of banks servicing handicraft.

V. Regress of Polish handicraft stimulated its activists centred mainly in the Polish Craftsmen's Association and craftsmen's chambers to undertake actions in order to overcome the impasse, to search for a new place and a new role for handicraft in the new economic reality. According to the representatives of these circles, handicraft can have a positive and important role in the process of political transformations, especially if the program of "curing" it is correlated with the government's program of counteracting the economic recession.

The board of the Polish Craftsmen's Association which held its debate on 30 September, 1992, accepted two important documents: 1) a proposition of the participation of handicraft in the government's socio-economic programs, 2) a proposition of having a "Pact of Handicraft" which presented the government with a specific offer of the participation of handicraft in overcoming recession and building a new economic model. The "Pact of Handicraft" suggested complex changes concerning the policies of taxation, credits, social insurances, professional training and changes in legislation following the former.<sup>10</sup> Among those suggestions the following deserve attention:

1) respecting Polish economic structures, especially the ones of so big traditions as handicraft, in the process of political transformations;

2) unifying the state's economic policy towards all the economic subjects, which should be treated as equal;

3) the means assigned for stimulating the economy, especially the ones coming from foreign sources, should be directed mainly for the development of small private enterprise;

4) home market should be protected against the inflow of cheap imported articles and the outflow of money abroad;

5) the policy of privatization should in a greater degree prefer the participation of the Polish private capital, including handicraft;

6) craftsmen's rights to social insurance should be made equal with other professional groups and take into greater consideration the principles of equivalence and voluntary character;

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<sup>10</sup> Biuletyn Dekadowy Z.Rz.P., special edition, Warsaw 5 October, 1982, p. 185ff.

7) the system of professional training in handicraft should be more widely used and strengthened for increasing the qualifications of the staff;

8) the state's economic policy should make a greater use of the instruments which will be more efficient in stimulating the development of handicraft and small private enterprise. The point is to ensure a clear and stable system of taxation, cheap credits, reduced rates in investments and help in freeing of debts those handicraft firms which fell into so-called "debt trap" without their own fault.

When handicraft has favourable conditions of development, it can play a positive role in the process of overcoming recession and getting into the way of growth. Especially, it can: a) become competitive for home and foreign subjects and replace trashy foreign goods with Polish articles of high European standard; b) increase the range and number of services, especially in villages and small towns; c) reduce the effects of unemployment, creating new cheap places of work and participating in the process of requalifying the workers according to the preferences of the local labour market; d) stimulate the economic growth through cooperative ties with big production establishments; e) increase the flow of money to the state, which would reduce the effects of a budget gap; f) start the process of forming the middle class, which is a necessary element of democracy.

VI. According to the opinions of craftsmen's representatives, the act of 22 March, 1989 brought about a serious weakening of handicraft, both in the sphere of economy and organisation. It caused a drop of a firm's authority, no respect for professionalism, craft, no care about the future of a firm and the trade. Legal solutions contained in the acts of handicraft and economic activity hit the functioning of handicraft and its organisational structure, the beginnings of which, as for the guilds, go back to the mediaeval times. That is the reason why craftsmen speak for an act of economic self-government which would restore their former standing to the craftsmen's self-government. The following changes are postulated in the first place: 1) a more exact definition of the tasks of craftsmen's self-government organisation according to the role which they should play in the contemporary economy, 2) restoring an obligation of craftsmen to belong to organisational structures, 3) extending the requirement of having professional qualifications onto all the subjects pursuing economic activity, 4) maintaining a list of crafts which qualifies craftsmen's jobs.<sup>11</sup>

<sup>11</sup> Biuletyn Dekadowy Z.Rz.P., Warsaw 10—30 August, 1993, nos. 24—25, and 1—10 June, 1993, No. 17, p. 126.



The greatest doubts and arguments in the environment of people involved in the economic activity appear in connection with the statutory duty of economic subjects to associate in self-government organisations, even keeping the right of choosing an organisation. This stands in opposition to the principle of economic freedom. There is a conviction among craftsmen that introducing such an obligation will give rise to greater consolidation and integration of craftsmen's circles, improvement of the quality of goods and services, increased professionalism and reliability, observing the rules of professional ethics. Rich traditions show that handicraft needs self-governing organisations which would coordinate the dispersed activity of craftsmen's firms, at the same time providing them with the necessary help. In the present model of economy they should perform the following functions:

1) represent the interests of craftsmen in relation to the central organs of state administration and administrative and self-governing organs on lower levels;

2) influence the shape of the state's economic policy and the contents of economic legislation;

3) break the financial barrier through obtaining the means from different sources in and out of the country and from economic initiatives;

4) organise economic cooperation with Polish and foreign subjects through giving information about the partners, offers for cooperation, changes in regulations, quality requirements, possibilities of obtaining modern technologies, and through different forms of promoting goods as well as economic, financial, legislative and ecological consulting;

5) give all-round organisational help and supervise the course of professional training of the staffs;

6) realize the traditional supervising functions in the form of instance guild courts.<sup>12</sup> It should be emphasized that this is not a separated opinion since a number of European countries such as France, Germany and Italy apply the principle of obligatory affiliation in the economic self-government of handicraft as well as the requirement of having professional qualifications by the people pursuing economic activity.

VII. It follows from the considerations that a different economic situation of handicraft results from a variety of causes which, however, have their origin in the costs connected with a radical transformation of the economic system. In varying degrees, but these costs burden the whole society. It seems, however, that handicraft has suffered the most severe losses in this process. They are so big that without the state's help

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<sup>12</sup> Biuletyn Dekadowy Z.Rz.P., Warsaw, 5 May, 1993, no. 7, p. 82ff. and decade's information from 20 March, 1992, p. 31.

it could appear impossible to overcome regress of handicraft. The rational arguments enumerated in the paper speak for providing an aid to handicraft. It is obvious that not all the postulates put forward by representatives of craftsmen's environment can be fulfilled. It is not possible to accept those which are against the direction of economic reforms, those which could result in limiting the principle of economic freedom or giving handicraft a privileged position in the economy through the system of crediting, reduction of debts or reduced rates in investments which would be different from the generally binding norms. Such propositions are approved of which do not shake the principles of freedom and equality of the economic subjects and they reduce the effects of transformations of the economic system and lay the burdens resulting from this process in a more regular manner.

#### STRESZCZENIE

Rzemiosło z istoty swej przystosowane jest do funkcjonowania w gospodarce rynkowej. Zapoczątkowany w 1989 roku proces przechodzenia gospodarki polskiej od centralnie planowej do rynkowej powinien stworzyć korzystne warunki dla rozwoju tej formy działalności gospodarczej mającej wielowiekowe tradycje.

Niestety, w ostatnich latach rzemiosło polskie przeżywa głęboki kryzys, a według opinii jego działaczy transformacja systemu gospodarczego spowodowała w rzemiośle dotkliwe straty materialne.

W opracowaniu autorzy starają się odpowiedzieć na pytania, dlaczego w poprzednim systemie gospodarczym mimo niesprzyjających warunków — rzemiosło przetrwało i wykazało dużą odporność na liczne bariery i trudności rozwojowe, a w warunkach gospodarki rynkowej przeżywa tak głęboki kryzys?

Próbują jednocześnie wyjaśnić — na podstawie propozycji przedstawicieli samorządu rzemieślniczego — co należałoby uczynić, aby usunąć źródła kryzysu i przywrócić rzemiosłu dawną świetność?