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Basic economic policy priorities of the Rzeszowski Voivodship authorities in the period of 1975–1989

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**BASIC ECONOMIC POLICY PRIORITIES
OF THE RZESZOWSKIE VOIVODSHIP
AUTHORITIES
IN THE PERIOD OF 1975–1989**

The economic policy of the Rzeszowskie Voivodship authorities was carried out within the framework of a command-distributive system of central planning. Beginning with the implementation of the administrative reform of June 1st 1975 and lasting till the end of the Polish People's Republic's existence, it quite precisely reflected economic trends in force on the state scale, especially at the level of basic objectives and instruments. An analysis of the priorities of this policy may still be quite interesting. On one hand, it allows to take notice of actions and their consequences on the micro level, enabling generalizations at a lower than national level. On the other, it provides an excellent opportunity to juxtapose the peculiarity inherent in the Rzeszowskie Voivodship with the tendencies characterizing economic situation in the whole country.

The policy of central government was subject to a rather complex evolution in the period of 1975–1989. It began with a phase of accelerated development, related to the ending phase of the first Edward Gierek's government, which was characterised by a programme of massive investment. Subsequently, having evolved as a result of certain adjustments related to the already traditional in the People's Republic of Poland economic manoeuvre of 1976, it focused on attempts to counteract the economic breakdown at the beginning of the 1980s. Eventually it centred on timid pro-market reforms implemented in the following years of the decade in order to put an end to the lingering crisis. The lack of consistency in continuing the reforms initiated in 1981 prevented, however, any visible signs of an improvement in the economic mecha-

nisms from appearing. Insurmountable difficulties in market supply, a coupon system regulating trade of a large number of consumer goods and growing inflation accompanied by all its negative consequences remained the most characteristic features of the economic of life in Poland in the 1980s (Baka 1999: 50–58; Grala 2004: 135–150; Kaliński; Landau 1998: 316–320, 330–338; Roszkowski 2003: 710–718).

The economic policy employed by the Rzeszowskie Voivodship authorities did, obviously, fit into the framework outlined above. Any possible departures from the country-wide tendencies and phenomena stemmed exclusively from the economic peculiarity of the voivodship. The Rzeszowskie Voivodship was formed under the law of 28th May 1975, encompassing only a part of the former administrative unit by the same name. Its area decreased from 18,6 thousand km² to merely 4,4 thousand km². An economic potential of the „new” voivodship situated it among moderately developed units within the new state administrative division. Its economy was characterised by a clearly pronounced dualism. On one hand, there was a well visible supremacy of the state-owned industry which in the mid-1980s contributed almost 60% of the gross domestic product. On the other, an unquestionable importance of agriculture which dominated the employment structure (around 40% of the employed), taking up more of the province area than the average at the national level. Also, the Rzeszowskie agriculture participated in the volume of invested capital assets to a greater than average degree. The sector produced, however, only a dozen or so per cent of the GDP, negatively standing out as regards many aspects of its activity in comparison to not so exorbitant level of agricultural production on the national scale. Both industrial and agricultural sectors remained basic foundations of the voivodship’s economy throughout the discussed period, determining, to the highest degree, the policy of the authorities who as a result could not mount much interest in other, unappreciated sectors, such as trade, transport or communication (*Dochód... [Income...]* 1989: 42–43; RSWR 1980: 147; RSWR 1990: 169; RSWR 1993: 26–27, 170; Malisiewicz 1986: 87).

Relevant structures of the PZPR [Polish United Workers’ Party] were in control of the economic policy of the voivodship throughout the whole discussed period. In any case, symptomatic shifts in the structures of local authorities took place alongside the administrative reform of the state. The voivodship [first] secretaries of the party began to act as chairmen of the Wojewódzkie Rady Narodowe [Voivodship Nation-

al Councils] in the majority of voivodships ever since. This principle was also in operation in the Rzeszowskie Voivodship, where Leon Kotarba, the first secretary of the KW PZPR [Voivodship Committee of the Polish United Workers' Party], became the chairman of the Wojewódzka Rada Narodowa in March 1976. The personnel overlap between the two posts (of the first secretary of the KW and a chairman of the WRN) facilitated centralization of decision-making – also with regard to the economic policy. In practice it turned out that the WRN had only theoretical control over the most important economic issues, including the budget. The decisions of paramount significance were made on the forum of the KW PZPR Executive. The posts of the first secretary of the KW PZPR and of the chairman of the WRN were again separated in the autumn of 1980. It did not, however, cause a shift of the economic decision-making centre. The separation of the posts did, nonetheless, bring about a habit which involved joint sittings of the KW Executive and the Presidium of the WRN. Key decisions, which were accepted by the WRN in due time, were made there. Therefore, one may claim that throughout the whole discussed period the voivodship authorities of the PZPR, with the KW Executive headed by its first secretary, bore responsibility for the economic policy implemented in the voivodship (cf. articles published in the local press: E. W., *Inauguracyjna...* 1976: 1; (e), *Sesja...* 1980: 1–2; edwi, *Przedstawiamy...* 1975: 2; edwi, *Plenum...* 1980: 1–2; (hp), *Wspólne...* 1980: 1).

First few years of the Rzeszowskie Voivodship within the new borders were characterized by economic growth. In the second half of the 1970s an aggregate of the voivodship economic life still was, in accordance with the tradition, subordinated to the principles of the collectivist planned system in force at the time and to rigorous annual plans which included detailed indices of the tasks performed. An invariable „optimism” of their originators was also a very important characteristic feature of those plans, manifesting itself in the constant (assumed) progress to be attained in all the facets of life included in the plan. Nonetheless, in 1978 the economic situation of the voivodship began to deteriorate, explicit symptoms of a decline in the growth rate appeared, heralding an oncoming crisis. As late as in 1979 it was still declared that the „technical-economic plan” was successfully completed, even though there was a drop in plant production. The following year proved to be the first one to be recognized as unfavourable for the entire voivodship economy. Regression deepened in 1981 when economic indi-

ces were still worse, frequently by at least a dozen per cent or so. Eventually, the economic crisis did force an introduction of changes with regard to the practice of economic planning. Partial departure from the principles of central directive planning as well as reviewing tasks so that they were more viable and adjusted to the reduced economic capacity, led in 1982 to certain stabilisation of the situation. This was followed by systematically, though very slowly, growing number and complexity of objectives set for the voivodship economy and reached thereby in the years to come. In 1983, industrial production attained the level registered in 1980 and grew slowly till the end of the discussed period. In 1989 it exceeded by 38% the level of production registered nine years before. These indices, favourable for the voivodship, resulted primarily from the impact which large factories of the armaments industry exerted on the economy. This sector was not as easily affected by the crisis phenomena as other industrial branches. Light industry in the voivodship was also doing quite well. The establishment of a few new light industry plants at the beginning of the 1980s amounted to the subsequent, visible production growth. On the contrary, agriculture was declining since plant production at the end of the decade remained on the level registered in 1976. After the breakdown of 1980 animal production did not rise either. In 1989 its level was still ca 10% lower than in 1975 (*Podstawowe...* 1986: 9, 11; RS 1996: LXII–LXV; RSWR 1980: 175, 206; RSWR 1984: 191; RSWR 1990: 226–227; RSWR 1993: 26–31, 196–197, 210; RSWR 1996: 44–45; (e), *Nad projektem...* 1982: 1, 3; (e), *Plan...* 1980: 1–2; (hp), *Trudny...* 1987: 1; Landau, Tanewski 1996: 100, 102; Tarnawska 1983: 3).

From the point of view of an analysis focused on the favoured directions in the voivodship economic development, the level of annual investment expenditures and their objectives were the most prominent indicators of the authorities' economic policy. The structure of expenditures was the most reliable expression of the authorities' economic intentions. These were, however, not always consistent with the officially presented declarations announced during the presentation of economic plans. A growth or stagnation of particular national economy branches depended on the structure of investment outlays and so did the effects of the authorities' economic policy. The investment outlays in the voivodship grew till 1978 when 620 enterprises were being simultaneously completed. This magnitude of tasks, burdened with errors

typical of the whole country (open plan, lowering the cost-estimate value, frequent not well-thought-out decisions with regard to localization, waste of resources, prolonging the investments' realization periods and their low effectiveness), was, however, brought to a stop in the following year. The real breakdown of the „investment front” occurred in 1980 when the actual outlays decreased by 14% when compared to the figures from the previous year. The following years of the new decade, marred by the economic crisis, were characterised by a persistent lowering of the expended capital level. Even in the mid-1980s volumes of investments did not exceed 90% of the investment level registered in the crisis year of 1980. The period of 1978–79 remained to be seen as the most favourable one with regard to the Rzeszowskie Voivodship's economic development (*Podstawowe...* 1986: 9; RSWR: 1980: 174; RSWR 1984: 190; RSWR 1993: 28–29; (e), *Sesja...* 1978: 2; *Rozwój...* 1980: 25–26).

The division of investment outlays was made under the circumstances of the decisional omnipotence of the state organs. Thus, its lasting feature involved ideologically conditioned, persistent preference for the so-called nationalized sector. Throughout the whole discussed period this sector's share in the total amount of invested capital exceeded the level of 70%. What is more, in the second half of the 1970s, in the period of the investment boom, it even surpassed 85% of the entire investment volume. Certain, up to ca 70%, decrease in investment outlays in the nationalised sector took place at the beginning of the next decade. Nonetheless, as early as in 1984 there was a shift, typical of the economy throughout the entire period of the Polish People's Republic (PRL), aimed at allocating more and more capital to sectors which were, at least indirectly, dependent on the state. Since 1986 their share in the structure of investment outlays stabilized again, reaching the level of 80%. Preferences given to nationalised sectors become even more explicit in the context of the analysis of capital expenditure directed only to the so-called sphere of material production which directly influenced economic growth. In this case the state sector received even up to 90–95% of the entire capital volume. At the beginning of the 1980s, the share of the nationalised sector in the total investment outlays dropped to 80% as a result of the government's attempt to adopt a new attitude towards the private sector. However, subsequently, in a ritual manner characteristic of economic cycles in the post-war Poland, which involved a restitution of prefe-

rences for the nationalised sector as soon as at least partial improvement of the consumer goods production level had taken place, another decrease in the share of the non-nationalised sector in the voivodship investment outlays occurred (in the second part of the decade its share in the expenditure in the sphere of material production amounted to merely 12–13%) (*Podstawowe...* 1986: 9; RSWR 1977: 62; RSWR 1984: 190; RSWR 1990: 212–213).

The structure of expended capital in the voivodship also clearly indicated an unquestionable dominance of industrial investment over expenditure of a strictly consumer nature. Ever since the „new” Rzeszowskie Voivodship was formed, over one-third of expended capital – in conformity to the character of the economic policy carried out by the authorities – had been allocated to industrial investment. This, naturally, increased the production capacity of the voivodship but did not necessarily translate into the level of population needs’ satisfaction. Part of the undertaken ventures merely enhanced the production capacity of the sector of means of production, and not consumption. One of the best examples of the practice involved allocating for the market needs only ca 40% of the voivodship industrial production in the second half of the 1970s. The situation changed as late as the beginning of the 1980s when the state reoriented its economic-social policy objectives. Already the year of 1982 saw a clear shift of the emphasis in the manner capital was expended, which – if combined with the aforementioned relative growth of expenditures on the non-nationalised sector – could trigger the promised economic changes which were greatly desired by society. Unfortunately, already before the 1983–1985 National Socio-Economic Plan was completed, pro-consumer activities were abandoned altogether (the vice which was the sign of the times). In 1985 investment outlays on the industrial sector yet again exceeded the level of 30%, whereas expenditures on agriculture decreased, attaining merely 14,9% in 1989 (RSWR 1980: 33, 164; RSWR 1984: 190–192; RSWR 1990: 213, 224–225; RSWR 1993: 210; Batusiewicz 1984: 23–33; *Rozwój...* 1980: 30–33; (e), *Nad projektem...* 1982: 1; Tarnawska 1983: 3).

The general reduction of expenditure on agriculture was in addition accompanied by important shifts in its distribution. The structure of expenditure in the agricultural sector did not, in any way, mirror an unquestionable dominance of individual farms both with regard to the ownership percentages and share in produce production (they continued

to encompass over 90% of arable land in the voivodship and to provide almost 85–90% of comestibles for market purposes). As a result of yet another attempt to develop the socialistic modes of management in rural areas, the share of the nationalised sector in the expenditures for agriculture increased from 45% in the mid-1970s to around two-thirds at the end of the decade. Larger capital was allocated to the more effective private sector at the beginning of the 1980s – only after the model of development which had previously been bulldozed by the government had collapsed. Between 1982 and 1983 private sector's share in the structure of capital expenditure reached the level equal to that of 1975. However, despite some favourable changes in the agricultural policy, the authorities stopped halfway through. From the mid-decade on not only did capital expenditure on agriculture decrease again, but its structure was again altered in favour of the nationalised sector (RSWR 1980: 164; RSWR 1984: 190–192; RSWR 1990: 213; RSWR 1993: 197; Grata 2005: 173–179).

Among the other branches of economy it was housing construction that invariably played an important role in the distribution of investment outlays in the voivodship. This sector absorbed nearly 16% of the expended capital in the mid-1970s and up to one-fourth in the following decade. Partial reorientation of the economic policy priorities was a factor responsible for the above-mentioned increase. The level of expenditure allocated in the Rzeszowskie Voivodship to municipal economy (ca 5–6%) was relatively stable. The same applied to industrial construction (ca 3%), while trade (with the level of expenditure allocated to it reaching ca 3–4%) was, traditionally, neglected in the Voivodship. On the other hand, expenditure on transport and communication represented a lost cause. Their share in the total outlays in the voivodship dropped from ca 10% in 1980 to merely 2,8% in 1989 (*Podstawowe...* 1996: 12–13; RS 1996: LXX–LXXI; RSWR 1984: 191–192; RSWR 1990: 213; RSWR 1993: 28–29, 196–197).

Naturally, the distributive structure of investment outlays in the Rzeszowskie Voivodship was, to a large degree, a mirror image of the investment trends at the national level. Nonetheless, there were certain visible differences in this respect, especially in the second half of the 1980s. One of the most essential as well as socially important variations was higher (than national average) percentage of investment outlays on agriculture and housing construction. On the other hand, relevant proportions with regard to expenditure in broadly understood economic infra-

structure proved to be decidedly unfavourable. Transport, communication and municipal economy in the voivodship participated in the investment outlays to a much lesser degree than at the national level; relevant indicators concerning trade network in the voivodship were similar. The way in which society perceived economic situation in the voivodship was substantially influenced by the last mentioned shortcoming of the authorities' policy carried out already in the face of crisis on the market (RSWR 1980: 164, 223; RSWR 1984: 191–192, 254; RSWR 1990: 213, 293; RSWR 1993: 28–29, 197, 271; Landau, Tanewski 1996: 103).

The preferences of the Rzeszowskie Voivodship authorities' investment policy were, indeed, a clear manifestation of the then priorities of their economic policy. The typically „pro-industrial” structure of investment expenditure, combined with support for development of the nationalised sector in agriculture, was formed in the second half of the 1970s. In the following decade it was replaced with chaotic and inconsistent attempts to improve market supply. Some capital was reallocated to those branches of economy which played an important role with regard to attaining a relative market balance (agriculture, light industry, housing construction). Nevertheless, despite the officially declared shift in preferences and equalled access to the capital for all sectors, the economic policy was still, till the end of the 1980s, influenced by old dogmas which, though officially no longer acknowledged, continued to determine the economic activity on the part of the state and voivodship authorities. Consequently, this policy had a tendency to return to the old tracks, worked out throughout the former decades, which greatly affected its, far from satisfactory, effectiveness. The policy in question, totally dependent on the ideology, was subject to constant fluctuations in the not-so-long 15-year period, closing the People's Republic of Poland's existence. It swerved between still current, long-term doctrinal objectives and temporary political undertakings, the most significant of which were aimed at obtaining a relative social peace by means of at least minimal improvement of the market situation.

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