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PRECARIZATION OF SOCIETY AS A THREAT TO SUSTAIONABLE AND INTEGRATED DEVELOPMENT OF EU COUNTRIES

Introduction

The provisions of the treaty that established the European constitution (2004) and of the Treaty of Lisbon (2007) stating that EU acts for the sake of a durable development of Europe that is based on sustainable economic growth and highly competitive social market economy with the aim to achieve full employment and social development, are the basis for the assumptions of the *Lisbon Strategy* programme. According to economists, the need to elaborate and implement such programme in EU countries was caused mainly by the decrease of productivity, the slowing pace of economic development and the will to eliminate the competitive gap between the EU and US economies. The basic assumption of the programme was to transform the EU economy into the most competitive and dynamic economy in the world¹. That strategic target was to be reached by constructing a knowledge-based economy, the development of information society, the increase of investments on R&D and their internationalization as well as creating favourable conditions of operation to innovation-based companies.

With the aim to reach the strategic target (of the Lisbon Strategy) and to counteract the effects of the recent economic crisis (which started in the USA in 2007 and in EU in 2008) and with regard to the long-term challenges of globalization, a programme was developed, referred to as *Europe 2020 – a European strategy for smart, sustainable and inclusive growth* which includes the years 2010-2020 (it was approved by the Council of Europe on 17 June, 2010). Its basic assumptions are as follows: to increase the employment rate to the level of 75% in the age range of 24-64, to meet the 20/20/20 targets as regards the climate and energy (i.e. the reduction of greenhouse gas emission from 1990 levels by 20%, a 20% rise of the share of energy consumption produced from renewable resources and a 20% improvement in the energy effectiveness), to increase the education level by reducing the drop-out rate to less than 10%, to raise the share of the population aged 30-40 with tertiary (or equivalent)

¹ M. Gasz, *Strategia Europa 2020 – założenia i perspektywy realizacji*, „Nierówności społeczne a Wzrost Gospodarczy” 2014, No. 38.

education to at least 40% and to reduce poverty by lifting at least 20 million people out of poverty².

According to economists, the Lisbon Strategy and its modified assumptions that are included in Europe 2020 is vital for reaching a long-term sustainable and integrated development of EU countries. The completion of those programmes in EU is indispensable as a sustainable growth would ensure an adequate and conscious development of relations between the economic growth, the care about man's environment and life quality; and the integrated growth would result in the increase of welfare, a participation in the effects of the economic growth that would be proportional to the work share, and the eradication of poverty and exclusion³. The empirical data on those issues, and particularly the developing "social precarization" is a proof that the idea of sustainable and integrated growth remains in the sphere of declarations as regards EU countries, and particularly in Poland and other new EU members.

To justify the above thesis, the article presents the process of social precarization and its basic sources, i.e. the reliance of the social and economic systems on the neoliberal doctrine and the increasing globalization that results in globalism.

1. The concept of social precarization in contemporary market economy countries

The notion of the precariat was first used in the 1980s by French sociologists and referred to temporary and seasonal workers. Although the term has different meanings and definitions in different market economy countries, the authors agree that the temporary laboring status comprises its core aspect⁴. Thus, in Germany the precariat refers to temporary staff and the unemployed who have no hopes for social integration. In Japan, they are poor employees, while in Italy the word *precario* is used not only to refer to people with low income or temporary workers but also to suggest that "precarious existence" is a normal social condition⁵.

² http://www.stat.gov.pl/cps/rde/xbcr/GUS/POZ_Wskazniki_Europa2020.pdf (Accessed: 27. 09. 2013).

³ E. Polak, *Globalizacja a zróżnicowanie społeczno-ekonomiczne*, Difin, Warszawa 2006, p. 6.

⁴ G. Standing, *Prekariat. Nowa niebezpieczna klasa, (Precariat. The new dangerous class)* Wydawnictwo Naukowe PWN, Warszawa 2014, p. 47.

⁵ *Ibidem*, pp. 47-48.

When analyzing various meanings of the term *precariat*, Guy Standing is right to state that the precariat refers to people that lack the seven forms of labour-related security. They are⁶:

1. labour market security (which is epitomized by government commitment to full employment),
2. employment security (there are regulations concerning hiring and firing, as well as the protection against arbitrary dismissals),
3. job security (the elimination of sudden and frequent changes of job and the type of work, the opportunity for social upward mobility in terms of status and income)
4. work security (protection against accidents and illness at work, through, for example, safety and health regulations, compensation for mishaps, limits on working time, unsociable working hours and night work for women),
5. skill reproduction security (opportunity to gain skills through apprenticeships, employment training and opportunity to make use of competencies)
6. income security (assurances of an adequate stable income, protected through such mechanisms as minimum wage, wage indexation, comprehensive social security, progressive taxation to reduce inequality and to supplement low incomes),
7. representation security (possessing a collective voice on the labour market, through, for example, independent trade unions and the right to strike).

Over the past three decades the number of people that lack the above listed forms of security as well as their share in the labour market, have increased significantly⁷. Collective work agreements, which were a widespread standard in industrial societies, have been replaced by flexible labour market and flexible wages. Consequently, in many countries at least $\frac{1}{4}$ of adult population belong to the precariat. Even in Japan, which was known for its life-long and stable employment in one workplace, the precariat constitutes $\frac{1}{3}$ of the employed population, and in South Korea it is even 50%. The wages of the precariat are relatively low. In Japan, for example, temporary workers receive wages that are 40% of those paid to full-time workers doing similar jobs; moreover, they are denied the bonuses that permanent staff is entitled to and even in canteen they pay more

To sum up, one can state that the precariat is a group of people who suffer the lack of labour-related security. Being a member of the precariat means uncertainty, a life from day to day, the lack of the feeling of security, self-value or professional identity. There are no

⁶ Ibidem, p. 49.

⁷ Ibidem, pp. 92-93.

opportunities to plan the future, develop professional career and to have the chance to develop through work and life-style. As a result the precariat experiences “failed occupationality” [Bryceson, 2010] and the so called four A’s – anger, anomie, anxiety and alienation [Standing, 2014, p. 65].

The precariat includes first of all the ones who are employed in the so called emerging economies that have enormous resources of cheap labour force (e.g. China, India), the ones who take mini-jobs: high school and university graduates, immigrants from newly industrialized countries who have the right of residence in a host country but no full citizen rights, the citizens of new EU member states which have undergone a transformation to market-based economies (e.g. 2.5 million young and educated Poles went abroad to seek employment mainly in the UK, Ireland and Germany) and particularly of the ones that have conducted a pathologic privatization of state companies. At present, Poland belongs to such countries, which has been proved by W.Kieżun⁸ in a convincing way and on the basis of reliable empirical data.

As the precariat is growing, the governments of the EU democratic states cannot ignore the fact that people – despite their qualifications and skills – cannot find employment or do jobs that would take advantage of their knowledge and skills. The governments should not accept the solutions in which the precariat receives only low pay, has no privileges (such as paid holidays, sick pays or pensions), lives in stress and in the fear of the lack of financial means, which consequently results in their vulnerability to every crisis, sickness or family problems. Specific relations between the precariat and the state in which the precariat members live are disturbing. That refers particularly to those who are immigrants as they lose their civil, cultural and political rights (they do not have the sense of being represented by political parties), as well as social rights (they have no access to benefits that are guaranteed by the state) and economic ones (they cannot pursue the occupation that they are prepared to)⁹. In the present economic situation having a university degree or the so called good job do not guarantee stable security and practically everybody may join the precariat. Moreover, the precariat is formed mainly by young and educated people and it can be predicted that they will start demanding the application of labour law and will not accept the state that does not adopt adequate provisions to regulate the relations between labour and capital. That results in the endeavors to start a thorough and complex research on the sources of social precarization and to search the ways of its elimination.

⁸ W. Kieżun, *Patologia transformacji*, Poltext, Warszawa 2012, pp. 139-165 and 236-247.

⁹ G. Standing, *Prekariat...*, op. cit., pp. 191-234.

When starting such investigations one can see that the conditions favourable to the process of precarization appeared in 1970s when a social democratic model of economy was rejected and the economic systems of the capitalist countries followed the neoliberal doctrine.

2. Neoliberal doctrine as the basis for the economic systems of contemporary market economy countries and the source of social precarization.

Having agreed with the opinion that the precariat is a child of neoliberalism and globalization that is reflected by globalism, it should be stated that several contemporary economists (including the Polish neoliberal economists who frequently appear in media e.g. L.Balcerowicz) are wrong to identify neoliberalism with the classical liberalism and the ideological dogma of free market with democracy.

The explanation of that issue is crucial as it is often forgotten in the present management processes that freedom is measured by the range of free selections and democracy cannot allow for a dramatic increase in inequalities as it has happened in the last 25 years, also in Poland. The quality of life in democracy should be measured by the standard of the weakest [Bauman, 2015, p. 12 – 14]¹⁰.

In order to explain these issues one should recall the historical development path of liberalism. Liberal traditions started with the fight for the right to the freedom of religion and conscience that subsequently turned to the fight for the freedom of speech and assembly¹¹. Every individual was supposed to have rights that were referred to as universal rights of man. The idea of liberalism was to develop the sphere of privacy to the extent that every individual should feel free of external manipulation. With such ideas in mind, the French physiocrats were the first to formulate the postulate of non-interference of the state with the economic activity of individuals. The postulate limited the basic freedom of an individual to economic liberty that consisted in freedom to make contracts and the lack of legal limitations in trade¹².

Contrary to the later ideologists of economic liberalism, referred to as *laissez faire*, neither W.von Humbolt nor B.Constant and J.S. Mill, who were considered the fathers of liberalism, shared the physiocrats' approach or accepted the selfishness of *homo oeconomicus*¹³. Just the opposite, they supported the attempts aiming at a free and versatile

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¹¹ J. Ralws, *Liberalizm polityczny*, Wydawnictwo Naukowe PWN, Warszawa 1998, p. 17.

¹² H. Landreth, D.C. Colander, *Historia myśli ekonomicznej*, Wydawnictwo Naukowe PWN, Warszawa 2005, p. 71-79.

¹³ J. S. Mill, *O wolności*, PWE, Warszawa 2002.

development of man, thus representing an idealistic and humanistic and not utilitarian and economic liberalism¹⁴. Their liberal concepts included the postulate of the freedom of an individual, meaning the freedom to self-develop in the world of humanistic values and not the lack of barriers in accumulating the wealth.

It is commonly agreed that it was J.S. Mill who started the evolution of liberal thought towards social liberalism that moved away from the apology of free market¹⁵. At least since J.S.Mill's times (i.e. since mid 19th century) the main stream of liberalism was focused on reforming the capitalism in social interest and in line with the thesis that freedom requires not only external obligation but also the development of conditions that would make it possible to use it. That gave the beginning to the so called social liberalism. The evolution of liberalism in that direction was stimulated by anti-market ideas of socialists, the reforms of 1882, 1884 and 1889 conducted by Bismarck, the Iron Chancellor in Germany (i.e. the introduction of obligatory health and pension insurance) and the introduction of compulsory education in England in 1868, which reduced children's work in industry. In the last years of his life, chancellor Bismarck even considered the introduction of insurance against unemployment and a statutory right to work¹⁶.

T.H.Green was the first outstanding representative of social liberalism in England. It can be concluded from the analysis of his views that he criticized market mechanisms for extreme distributive injustice. One of his significant achievements are the concepts of positive and negative freedom and the ethical idea of "enabling state", i.e. the state that enables every individual the opportunity to pursue his/her freedom. Green defined real freedom as an ultimate capacity of all society members to develop and do common good. He questioned the concept of free market society and believed that society should not allow for the unlimited sale of labour by workers at the cost of their health and development. According to him there should be supervision over the maximum working time (especially of women and children), the purchasing and renting unhealthy and dangerous premises, the healthcare and education of children as such issues are too important to depend on voluntary agreements¹⁷.

The French solidarists that grouped around E.Durkheim had similar views. Along the lines of the social debt theory, they argued that the welfare of individuals is owed to a great extent to the society, which means that they owe the debt that has to be paid back to the

¹⁴ A. Walicki, *Od projektu komunistycznego do neoliberalnej utopii*, PAN Universitas,, Kraków 2013, p. 333.

¹⁵ Ibidem, p. 186.

¹⁶ Ibidem, pp. 366-367.

¹⁷ Ibidem, pp. 368-369.

society¹⁸. Also, according to J.Hobson the wealth and profits of capitalists are largely the result of the work of workers and the whole society and, consequently, the society had the undeniable right to the redistribution of the wealth and – apart from the private ownership – there should be various forms of public ownership. His social ideal was expressed by the conviction that everybody should contribute in proportion to his capabilities and be rewarded according to the needs¹⁹.

The other – beside J.Hobson – main theoretician of that trend of liberalism was L.T.Hobhouse. Although he did not demand egalitarianism, he did not accept the fact the poorest should be burdened with development costs and argued that the existence of millionaires on the one side and the poor on the other could be considered as just only in the cases when the contrasts were the result of the economic system, which as a whole works for the sake of the common welfare of both the poor and the rich. Thus, it is accepted only when there is no alternative solution that would work for the common welfare in a better way²⁰. Such statements meant that he rejected the Spencerian ideas of the right of the stronger and the defense of the weaker in the name of social solidarity²¹. Hobhouses’s “economic liberalism” as he himself emphasized was not to be identified with the laissez faire ideas perceived as the lack of control over the economic development but rather as a social control over the economic growth aiming at finding the balance between freedom and maximum benefit for the whole society, the weakest individuals included. Economic liberalism that was defined in that way focused on the duties of a socio-liberal state as regards the access of all the citizens to health care, security against unemployment and an adequate assistance to the unemployed, the right of children to free education and family allowance for workers, which was understood as the amount of money sufficient to cover the living costs of an average family. Hobhouse also accepted liberal socialism on the condition that it was a democratic grassroots movement. He defined his economic liberalism as a concept consisting of two parts: the first one included the principles of the state supervision over private ownership, particularly the ownership of production means, and the other one that referred to the principles of economic justice. The latter one was presented as a concilliary concept that should put together socialism with abstract individualism. In his further works he supported his ideas by the analysis of the social aspects of ownership. His later works reflect the affinity of his views to J.S.Mill’s belief as regards freedom. According to him, freedom could not be

¹⁸ Ibidem.

¹⁹ Ibidem.

²⁰ Ibidem, p. 372.

²¹ Ibidem, p. 374.

abstract but it had to consider the fact that society is an organic entity in the sense of mutual interdependence and consequently mutual help and the theory of collective activity are no less important than rivalry and the theory of individual independence²². According to L.von Mises the economic liberalism of Hobhouse was in fact a “moderate socialism”²³, which does not mean that it should be identified as Marxist socialism. Hobhouse considered himself a liberal that followed J.S.Mill’s ideas on the necessity of the approximation of liberalism to socialism²⁴.

The development of social liberalism was accompanied by changes in the social and economic system of Great Britain. That fact is reflected by the acts that were passed in 1906-1914: the Old Pensions Act, the Trade Board Act (on minimum wages) and the Health and Unemployment Insurance Act. They constituted the first and significant step towards *welfare state*²⁵. Similar evolution of liberal thought towards social liberalism that rejected the free market dogmatism that occurred in Great Britain also took place in other European countries. In the USA it was propagated by J.Dewey, who claimed that freedom from obligation is insufficient and that effective freedom is indispensable. i.e. one that consists in free development of personality and requires material resources to meet that objective. That view was shared by W.Wilson, the future president of the USA, who won the election in 1912 with the *New Freedom* slogan. The idea of new freedom was to help the individuals remove social and economic barriers that limited the use of freedom and made it a privilege for very few. Such concept of freedom was reflected in Roosevelt’s New Deal, when - in response to the Great Crisis in 1929-1933 - the USA introduced labour law, increased the prerogatives of the Federal Government and trade unions as well as applied instruments of economic planning in order to limit the uncontrolled power of the market and great corporations. One should not neglect the work of T.H.Marshall that legitimized liberal welfare state by a coherent theory of the development of citizenship rights: from civil, through political to social rights.²⁶

When analyzing the views of various authors, it has to be stated that the development of liberalism did not follow one way and split into two basic directions: i.e. the orthodox free-market liberalism, referred to as rightist and the leftist liberalism that opposed human rights to the autocracy of market. Already at the turn of the 19th century, the leftist trend dominated

²² Ibidem.

²³ L. Mises, *Liberalism In the Classical Tradition*, New York, 1985, p. 197.

²⁴ A. Walicki, *Od...*, op. cit., p. 374.

²⁵ Ibidem, p. 380.

²⁶ T. H. Marshall, *Class Citizenship and Social Development*, Garden City, New York 1964.

British liberal thought. It demanded from the state guarantees to decent living and the determination of conditions for acceptable inequalities. That trend contributed to the marginalization of the Spencerian liberalism which consisted in the rejection of noble-minded and idealistic illusions for the sake of the ruthless struggle for existence, where it is not the moral arguments but power that counts. Spencer (who presented his views in 1840s) propagated the concept of a market-based society that would be free of any conscious regulations. He argued that the poor do not deserve any help and there should not be public health care or social security systems as it is the poor who should be blamed for their plight and they, together with their children, should suffer to the third or fourth generation. He said that private ownership is a natural and absolute right and its protection is the most important duty of the state. He insisted on the restriction of the power of governments by the inviolability of the laws of market; moreover, in his opinion, free education did not belong to governments' responsibilities²⁷.

It is due to the leftist liberal approach that in the third decade after World War II *welfare states* emerged in Western Europe, New Zealand, Australia, Canada and partly in the USA. Welfare state is "a state in which organized authorities – with the assistance of political and administrative means – are used to modify the game of market forces through the following: the guarantee of a minimum income to individuals and families irrespectively of their work and possessions; the assistance to individuals and families in social ailments (e.g. illness, old age, unemployment) without which they would find themselves in critical situation; the assurance to all citizens, irrespectively of their social status and class, of the opportunity to take advantage of the best quality social services in a defined scope (clearly defined but subject to modifications)"²⁸.

The emergence of „welfare states” in West European countries meant departing from the liberal concepts of the neoclassical school and supporting the social and economic systems on the Keynesian doctrine. The dominant role in its creation was played by J.M.Keynes (1883-1946) who questioned the liberal economy thesis that considered a free competition market to be the most efficient regulator of economy. He revealed the falsity of conclusion that “enlighted self-interest” works for the sake of public interest and he formulated a theory of state interventionism. He argued that one of the greatest advantages of capitalism is freedom that is offered to individuals and the greatest faults is “the failure to provide for full

²⁷ A. Walicki, *Od...*, op. cit., pp. 363 and 365.

²⁸ *Ibidem*, p. 320.

employment and its arbitrary and inequitable distribution of wealth and incomes”²⁹. In his program of the fight with unemployment he emphasized the necessity to increase global demand by means of decreasing interest rates, changing the distribution relations, financing public works by the state, introducing progressive taxation on high incomes and allocating the acquired means to social benefits.

In Germany, the ideas of the leftist liberalism were present in the views of the Ordoliberals, which emerged before the second world war, and in the views of the representatives of social market economy, i.e. W. Eucken³⁰, F. Bohm, W. Ropke and A. Rustow. The Ordoliberals could see the unreliability of market as a mechanism creating institutional solutions and promoted the concept of the state as the creator of economic order. According to them, uncritical acceptance of institutional rules created by the market does not guarantee an adequate range of freedom. Consequently, they rejected the idea of laissez faire. They opted for freedom whose core idea was the responsibility not only for oneself but for other society members. Real freedom required from the state the creation of just “rules of the game” within the policy of economic order (*Ordnungspolitik*). The fundamental principles of the policy of economic order were defined by W. Eucken as the “constitutional principles”³¹. The ideas of the Ordoliberals were applied by the economic policy (since 1948 by L. Erhard) within the social market economy, which is a liberal concept that refers to the ideas formed during the W. Lipman Colloquium in 1938³². The fulfillment of social programmes in the system of social market economy became a crucial responsibility of the state.

When analyzing the achievements of the West European countries in the period of “welfare state”, it has to be remembered that that concept was a natural result of the long evolution of the mainstream liberal thought. The reforms that constituted the basis for a liberal welfare state were introduced long before the Bolshevik revolution and were inspired by the attractiveness of the socialist thought and not by the fear of the revolution in Russia³³.

J. Rawls is considered the most outstanding theoretician of the leftist trend in liberalism of the last quarter of the previous century. His *Theory of Justice* was published in 1971, just before the offensive of the “new right” that identified freedom with the freedom of

²⁹ J. M. Keynes, *Ogólna teoria zatrudnienia, procentu i pieniądza*, Wydawnictwo Naukowe PWN, Warszawa 2003, p. 404.

³⁰ W. Eucken, *Podstawy polityki gospodarczej*, Poznańska Biblioteka Niemiecka, Poznań 2001.

³¹ Ibidem, pp. 330-395.

³² H. F. Wuensche, *Kapitalizm a społeczna gospodarka rynkowa: dwie koncepcje sprzeczne*, „Zeszyty Naukowe PTE” 2004, No. 4.

³³ A. Walicki, *Od...*, op. cit., p. 380.

the market and aimed at the eradication of the democratic leftist liberalism as the basis for economic systems. Rawls' idea of a "property-owning democracy" (presented in *A Theory of Justice*) is close to the views of Hobhouse and stands in opposition to the concept of a welfare state. When showing the differences between a welfare state and property-owning democracy, Rawles wrote, "Note here two different conceptions of the aim of political institutions over time. In a welfare state the aim is that none should fall below a decent standard of life, and that all should receive certain protections against accident and misfortune—for example, unemployment compensation and medical care, (...) in a property-owning democracy the aim is to carry out the idea of society as a fair system of cooperation over time among citizens as free and equal persons. Thus, basic institutions must from the outset put in the hands of citizens generally, and not only of a few". In his "maximum principle" Rawls accepts inequality in the distribution of income only if it increases job motivation, results in the growth of the income and improves the condition of the poorest individuals. However, according to him, the aspiration to make income of all citizens the same would be inappropriate as complete egalitarianism would lead to the disappearance of economic incentives that motivate citizens to work and – as a result – would cause the decrease of the total income of the society³⁴. Rawls initiated the new liberal thought in which liberty, defined by equality and equality by liberty is expressed by the following ideas: the state that ensures social justice, a fair constitution that guarantees freedom and equal citizenship, genuine political freedom, the equality of opportunities (especially in the areas of education and culture), the freedom to choose the occupation and undertake business, preventing by the state from the creation of monopolistic restrictions and barriers in the access to lucrative positions and the state guarantees of a social minimum income. With the aim to accomplish the above targets, Rawls defined appropriate functions of the state in the following four branches: the allocation branch to keep the price system competitive by preventing the excessive increase of the power of the market; the stabilization branch to steer a strong and effective demand to ensure reasonably full employment and the free choice of occupation; the transfer branch, responsible for the social minimum; and the distribution branch whose task is a gradual and continual correction of the distribution of wealth and the prevention to the concentration of power detrimental to political freedom and equality of opportunities³⁵.

³⁴ J. Rawls, *Teoria sprawiedliwości*, Wydawnictwo Naukowe PWN, Warszawa 1994, XVI.

³⁵ *Ibidem*, pp. 379-380.

In mid-1970s, the leftist liberalism, which constituted a theoretical basis for the welfare state, gave place to free-market dogmatism and then to the policies of M.Thatcher and R.Reagan, which aimed at a systematic deconstruction of the welfare state and allowed for a significant increase of social inequalities. The new version of liberalism is wrongly referred to as the return to classical liberalism although both M.Thatcher and R.Reagan considered themselves conservatives and not liberals.

When looking for the justification for that new classical liberalism, its ideologists rediscovered the long forgotten F.A.Hayek, a thinker who was marginalized and considered an anachronism. He was awarded the Noble prize in economy and “among influential circles was treated as the greatest authority in interpreting the liberal tradition and its most outstanding representative”³⁶. His views were typical for the Austrian school, which defended the principles of free market. His mentor was Ludwig von Mises, who identified liberalism with the subordination of policy to the free-market rules of classical economy. Hayek’s views are known in Poland mainly from his *Constitution of Liberty*³⁷, where he pointed out that he did not represent modern liberalism, he was an unrepentant Old Whig and his views had nothing in common with the contemporary liberalism. For him only the views of the Old Whigs and his own were the “real liberalism”³⁸. To justify that statement, Hayek neglected the whole heritage of the 19th and 20th century liberal thought, he narrowed the concept of “classical liberalism” and argued that it included only a part of the British liberal tradition, i.e. the liberalism of the Old Whigs. According to Hayek, even J.S.Mill - an outstanding 19th century classical liberal, who was considered by J.Gray³⁹ (an expert in British liberalism and one of F.A.Hayek’s monographer) a leading thinker of his era - was not a classical liberal.

With reference to the above, it should be recalled that J.S.Mill’s essay *On Liberty* constituted a return to the classical liberal thought that concentrated on the freedom of the individual which was perceived as “the freedom of thought and feeling, absolute freedom of opinion and sentiment”⁴⁰, and not on the freedom of market. That statement is justified by Mill’s statement that the “the principle of individual liberty is not involved in the doctrine of Free Trade so neither is it in most of the questions which arise respecting the limits of that doctrine”⁴¹. According to Hayek, the radical opponent of the Whigs, J.Bentham was not a

³⁶ A. Walicki, *Od...*, op. cit., p. 336.

³⁷ F.A. Hayek, *Konstytucja wolności*, Wydawnictwo Naukowe PWN, Warszawa 2006.

³⁸ F.A. Hayek, *Konstytucja wolności*, Wydawnictwo Naukowe PWN, Warszawa 2006.

³⁹ J. Gray, *Dwie twarze liberalizmu*, PWN, Warszawa 2000, p. 47.

⁴⁰ J. S. Mill, *O...*, op. cit.

⁴¹ *Ibidem*, p. 112.

classical liberal despite the fact that he was the main inspirer of the British economic liberalism in the first half of the 19th century.

The advocates for the return to ‘classical liberalism’ applied Hayek’s ideas, i.e. the ideology of the inviolable private ownership and extremely free market, to deconstruct the welfare state. However, they ignored Hayek’s understanding of the market as the ideal that meant peaceful and friendly rivalry, which changed the enemy to a friend and created a spontaneous order of mutual adaptations. They accepted and recommended the role of political power to impose and organize market economy, which constituted a drastic deviation from Hayek’s anti-constructivism. They added to the Hayek’s list of the features of classical liberalism the defense of the inalienable human rights. However, they restricted them to civil and political rights, ignoring social and economic ones. After the fall of the so called communist states, their model was supplemented by elements that emphasized political freedom. Thus, a new model of a contemporary “ideal liberalism was created, which joined the commitment for private ownership and freedom of the market with the rhetorics of human rights and belief in the universal beneficiary value of political democracy”⁴². Such contemporary liberalism that emphasizes the priority of free-market values, referred to as “new classical liberalism”, is not a leftist, social liberalism and it is neither rightist but rather an “arbitrary construct that is devoid of references to the historic past and identified with libertarianism”⁴³.

The views of the „new classical liberals” are close to those of libertarianisms in the issues related to inequalities in incomes and the role of the state. R.Nozick is the main representative of that school⁴⁴. According to the libertarians, the equality of opportunities is more important than the equality of incomes. They demand for the increase of civil liberties, the increase of the role of the market and the decrease of the role of the state, i.e. the limitation of its role to the assurance of public security, enforcement of freely signed contracts and abstaining from income redistribution. The views of libertarians practically resulted in corporate libertarianism, which creates conditions favourable to the development of social precariat.

⁴² A. Walicki, *Od...*, op. cit., s. 338-339.

⁴³ *Ibidem*, pp. 338-349.

⁴⁴ R. Nozick, *Anarchia, państwo, utopia*, Fundacja Aletheia, Warszawa 1999.

3. Corporate libertarianism as the source of globalism and social precarization

Supporting economic systems on the neoliberal doctrine, which is reflected in the contemporary globalized world by corporate libertarianism, resulted in the weakening of the role of national state and guaranteed the huge joint stock companies that are listed on stock exchanges (i.e. the corporations), privileges and rights to take advantage of their economic powers. The states, which accepted such solutions as deregulation, liberalization and privatization became dependent on the logics of the capital⁴⁵ and are too weak when compared to the power of corporations that dispose of substantial capital. Thus, the capital controls the state and interest groups generate “façade democracy” where adequate institutions are existent but do not play the roles required by civil democracy (which is based on the principles of freedom, equality and social justice). When monitoring that process in UE, one can see not only the deconstruction of state but also the weakness of EU. The development of the process poses a danger to the implementation of the basic EU objectives (that are formulated in treaties) and, as a result, may endanger its further existence.

When analyzing the social and economic effects of the developing globalism, authors argue that corporations share the same institutional order and purpose, i.e. the multiplication of profits by capital owners. Such features of corporation were already seen in 1696 by the commissioners of trade for England who reported that “the corporate form had been wholly perverted by the sale of company stock to ignorant men, drawn in by the reputation, falsely raised and artfully spread, concerning the thriving state of [the] stock.” Also A. Smith warned against corporations stating that “managers could not be trusted to manage other people’s money and [that] businesses organized as corporations would inevitably result in negligence and profusion”⁴⁶.

In fact, until 1950s only American corporations were multinational. According to R.H. Robbins, the conditions for their free development and functioning as independent entities with their own logics and rules were created by the ruling of the American Supreme Court in 1886 which - relying on the Fourteenth Amendment- decided that a private corporation is a natural person under the U.S. Constitution, and consequently has the same

⁴⁵ U. Beck, *Władza i przeciwwładza w epoce globalnej. Nowa ekonomia polityki światowej*, Wydawnictwo Scholar, Warszawa 2005, pp. 325-326.

⁴⁶ J. Bakan, *Korporacja. Patologiczna pogoń za zyskiem i władzą, (The Corporation – The Pathological Pursuit of Profit and Power)* Wydawnictwo Lepszy Świat, Warszawa 2006 p. 14 oraz A. Smith, *Badania nad naturą i przyczyną bogactwa narodów An inquiry into the Nature and Causes of the Wealth of Nations*), PWN, Warszawa 1954.

rights and protection⁴⁷. As a result, corporations can, like the citizens, influence the government, donate millions of dollars to support political candidates and to lobby legislatures in their own financial interest. Such logics of financing the elections was already observed by Aristotle who wrote that “when money has been spent to get office, the purchasers may naturally be expected to fall into the habit of trying to make a profit on the transaction”.⁴⁸ It is not difficult to realize that due to the fact that corporations with huge share capital have the same rights as individuals, substantial inequalities are generated despite the fact that “democracy requires that the people, through the governments they elect, have sovereignty over corporations; that they have authority to decide what corporations can, cannot, and must do”⁴⁹.

At present the power of financial markets and corporations cannot be matched by the power of the governments of countries that have economic systems based on the neoliberal doctrine and implement the principles of corporate libertarianism in their social and economic policies. To a large extent politics became dependant on capital which demands increasingly better conditions, and – first of all – lower taxes and lower labour costs. EU and other international institutions should realize that corporations successfully promoted the ideology that is not beneficial to social development and, consequently it is their interests and not the interests of the citizens that determine the policy of the states; it is the ideology that makes them incapable of setting the boundaries to wrongly understood freedom and democracy. In reality it is the corporations and not the governments that have the opportunities to form their own codes of conduct as regards the rights of employees⁵⁰.

The guiding principles of the doctrine of libertarianism are as follows⁵¹:

1. Sustained economic growth , measured by GNP, as the way to human progress;
2. Free market without government “interference” results in generally the most efficient and socially optimal allocation of resources;
3. Economic globalization - implemented by the removal of barriers to free global exchange of goods and financial means - stimulates competition, increases the

⁴⁷ R. H. Robbins, *Główne problemy a kultura kapitalizmu (Global Problems and the Culture of Capitalism)* , Wydawnictwo Pro Publico, Poznań 1998, p. 122.

⁴⁸ J. Bakan, *Korporacja...*, op. cit., p. 124.

⁴⁹ Ibidem, p. 129.

⁵⁰ R.H. Robbins, *Główne...*, op. cit., pp. 122 and 165.

⁵¹ Ibidem, p. 123.

effectiveness of management, creates new job places, decreases retail prices, increases the range of goods, supports economic growth and as a rule is beneficial to everyone;

4. Privatization, due to which the tasks and resources of the state are transferred to the private sector, results in the increase of effectiveness;
5. The main function of the state is to provide the infrastructure necessary to develop trade and to advance the rule of law with respect to property rights and contracts.

According to the research results of such authors as [Bakan, 2006], [Harvey, 2008], [Robbins, 2006], [Stiglitz, 2006, 2007, 2010], [Sachs, 2006], [Perkins, 2006], [Standing, 2014], corporate libertarianism resulted in a very dangerous situation. Freedom from democratic control was achieved and the business took over the rule in line with the slogan that business and the state should remain partners. Today, not even one serious researcher would question the thesis that corporations are responsible for the destruction of forests, chemical pollution, the existence of sweatshops, the employment of children, the decomposition of trade unions, low pays that do not reflect work efficiency and quality, the transfer of workplaces to regions that offer relatively low labour costs without considering the consequences to local communities, forcing the governments to subsidize corporate operations and to ease the regulations on labour rights, health care and environmental protection. In view of that negative impact, the threat to democracy and numerous negatives social consequences of the growing power of corporations, the researchers recommend the following actions that would aim at the limitation of the power and influence of corporations⁵²:

1. to cancel the ruling of the Supreme Court that recognizes corporations as having the same rights as natural persons,
2. Wykluczyć korporacje z życia politycznego, gdyż pozwalanie korporacjom, dysponującym miliardami dolarów, na lobowanie wśród ustawodawców na rzecz korzystnych dla siebie rozwiązań, stanowi jawną niesprawiedliwość,
3. to exclude corporations, which have billions of dollars at their disposal, from political life as permitting them to lobby for advantageous solutions is evidently unjust,
4. to reform radically the principles of election campaigns in order to reduce the influence of capital on politics (which is particularly visible in the USA)

⁵² Ibidem.

5. to abolish the system of corporate privileges, including direct subsidies and donations, and introduce taxes and fees to the amount sufficient to pay the damages resulting from corporate operations,
6. to introduce control mechanisms over international corporations and financial flows.

Despite the fact that the above listed recommendations have been known for a long time and supported by numerous economists, neither the financial crisis of 1990s nor the recent fundamental crisis of neoliberal capitalism forced the politicians of contemporary market economy countries (EU countries including) to start a thorough and constructive discussion and to introduce socially required solutions that would reduce globalism and social precarization.

To make things clear, one should recognize the differences between the economic meaning of the terms *globalization* and *globalism*. As J.A. Scholte put it, globalization is a process that results in the removal of barriers that impede social contacts worldwide⁵³. It leads to the increase in the flow of goods, services and capital between countries, a steady growth of national production related to imports and exports, the necessity to compete with manufacturers from the whole world as regards product prices and ranges and results in the extension of specialization and the division of labour worldwide. Globalism, however, is an upward movement that constitutes the expansion of free market where economic globalization is ahead of the political one. It shows in the decreasing weakness of the state, the reduction of its social functions and the growth of capital markets and multinational corporations to such an extent that they gain autonomy. Recent financial scandals are only the tip of the iceberg, which covers the neoliberal culture of business. Globalism means market without sovereigns and not a market of free ideal competition. It was created due to informal activities of the IMF, WTO and the World Bank and resulted in the worldwide introduction of the *laissez-faire* rules that are based on the belief that market by itself should guarantee the effectiveness of economy⁵⁴. Globalism results in a weak state that reduces its social functions and is subordinate to market; it leads to a chaotic and uncoordinated management due to which the economic growth does not bring economic benefits to all participants adequate to their contribution and the mechanisms that are generated serve only the richest in line with the saying that “the winner takes it all”. Wide income discrepancy indicates that globalism is in

⁵³ J.A. Scholte, *Globalizacja*, Oficyna Wydawnicza Humanites, Sosnowiec 2006, p. 54.

⁵⁴ J. Stiglitz, *Wizja sprawiedliwej globalizacji. Propozycja usprawnień*, Wydawnictwo Naukowe PWN, Warszawa 2007, p. 10.

conflict with democracy. Although they are already high, the discrepancies are continuing to increase both in the rich countries and the new EU members, including Poland, whose society remained egalitarian until 1990, while now it belongs to countries with the greatest income discrepancy.

The neoliberal policy accepted worldwide by governments, including Poland and other EU countries, and the associated growth of deregulation and privatization that are conducted under the pressure of corporations, increase their expansion and facilitate entering into areas that were not accessible to corporations before and belonged to the public sphere: health service, pensions and education. Those processes, together with a rapid development of IT, lead to economic globalization and they freed capitalism from restrictions imposed by national states. A significant role was played here by financial markets that are independent, function irrespectively of the production sphere and maximize their profits without taking care of the economic development of their home countries.

Neoliberal ideas, as the basis for economic policy, were applied in the Polish transformation process which took place in the period of the greatest dogmatism of the Polish right neoliberals. In Poland and other countries leaving “real socialism”, when conducting the market-oriented transformation of economy with the application of “shock therapy”, neoliberals ignored the fact that in scientific circles (also in the USA) liberalism still had leftist connotations and was not associated with the “autocracy of free market”⁵⁵. The socially negative effects of the neoliberal transformation resulted in high unemployment, the growth of the precariat and the ncreasing number of people living on the minimal level of biological existence (approx. 12% of the society in Poland) and on the level social minimum (over 60% in Poland) [Polak, 2009, p. 9]. Flexible labour market and the destruction of the state social care institutions lead to the situation that Poles feel more secure abroad than in their own country.

CONCLUSION

The presented above research results lead to the following general conclusions:

1. As freedom and security of citizens, including their social security, are values that are fundamental and not competitive, the contemporary economic systems of EU

⁵⁵ A. Walicki, *Od...*, op. cit.

countries should not ignore them. In all EU countries social liberalism, open to the issues of full employment, egalitarianism and social security of citizens should constitute the ideological basis for their economic policies;

2. The increasing globalization trends, under the pressure of capital, resulted in the reorientation of the role of state and its evolution towards a neoliberal state, one that stays behind and is subordinate to the dictate of capital and authorizes social inequalities which are caused by the marketization of public services and the withdrawal of state from several areas, including the role of a coordinator and active creator of social and economic policy. Such negative processes appeared particularly in the new EU members, Poland including;
3. Protests against globalization reveal moral bankruptcy of a neoliberal state model and express a demand for an emancipation egalitarianism that is focused on the interests of the citizens and not on the development of the precariat;
4. The criticism of the EU institutions, and particularly of the excessive bureaucracy, low effectiveness and flexibility in implementing cohesion principles, the inertia and the lack of reaction to emergencies (as it showed, among other things, during the present economic crisis) should result in the abolishment of the myths of neoliberal capitalism, the defense of constitutional principles of social market economy and a consistent implementation of the policy of sustainable and integrated growth that should be focused on the reduction of social inequalities and the increase of the welfare among EU inhabitants.

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Abstract

The social and economic effects of management in EU countries reflect the fact that the economic growth does not result in benefits that would ensure fair conditions of living to all participants of the economic process and the citizens. The increasing process of social precarization is a proof that the implementation of a sustainable and integrated development in EU countries remains in the sphere of declarations.

With the aim to justify that thesis, the article presents the economic substance of the process of social precarization, its basic sources and social and economic results, i.e. the reliance of the economic systems on neoliberalism and the increasing globalization that manifests itself in globalism.