The changing roles of the post-transitional economic elite in Poland*

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The study characterised evolution of the role of a new economic elite in Poland using the three-elite-generations metaphor: breakthrough elite, transition elite and consolidation elite. Describing this evolution in terms of the neoliberal modernisation paradigm, "elitist paradigm" and transformation theory is insufficient for a theoretical reconstruction of changes occurring in states which, like Poland, are at the stage of development combining characteristics of post-communist, neoliberal and globalised capitalist societies. Other concepts are also useful, such as globalisation theory, world-systems theory or the varieties of capitalism approach that provide a different conceptual framework for the role of economic elites.

Die Studie zeichnet die Entwicklung der Rolle der neuen Wirtschaftselite in Polen nach und bedient sich dabei einer Metapher von drei Elitegenerationen: die „Durchbruch-Elite", die „Elite des Übergangs" und die „konsolidierte Elite". Eine Beschreibung dieser Entwicklung im Rahmen des neoliberalen Modernisierungsparadigmas, des „Elite Paradigmas" oder der Transformationstheorie ist ungenügend für die theoretische Rekonstruktion der Veränderungen, da sich Polen in einem Entwicklungsstadium befindet, das von Post-Kommunismus, Neoliberalismus und Globalisierung gekennzeichnet ist. Daher wird auf andere theoretische Konzepte zurückgegriffen: Globalisierungstheorie, die Theorie der Welt-Systeme oder die Varieties-of-Capitalism.

Keywords: Economic elite, Poland, three-elite-generations metaphor, breakthrough elite; transition elite, consolidation elite, theoretical reconstruction; post-communist societies

The main aim of this article is to try to characterise the changing roles of the Polish economic elite at different stages of the system change after the fall of

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state socialism. The evolution of these roles was undertaken using the elite theory paradigm, and was also inspired by certain rival theories of development sociology and discussions about features of post-communist changes in Central and Eastern Europe (CEE). The use of the term "post-transitional economic elite" is justified by a number of circumstances of stratificational, functional and theoretical nature:

The social profile of the emerging new economic elite is evolving. Gradually, its members, internal composition and recruitment channels for its representatives are changing in relation to the circumstances in which the elite formed at the beginning of 1990's. One may observe a generational change, and the growing role of new career paths and professional criteria which in the rapidly changing Polish economy make the elite relatively open (Jasiecki 2002; Wesołowski 2007).

The role of elites in subsequent stages of system transition in Poland is changing. The transition stages correspond to different types of elites with different missions (Wasilewski 2004), identified in this context three elite types: breakthrough elite, transition elite and consolidation elite. The consolidation elite, that may also be referred to as the post-transitional elite, acts in the environment of already fixed rules and institutional framework of the new political system that were strengthened and stabilised by pre-accession harmonisation with, and later by the accession to, the EU.

Poland's EU membership from 1st May 2004 means a shift to the new stage of state development beyond post-communist transition theories (transition paradigm). Processes occurring in the Polish society are less and less specific to a post-communist society and are becoming increasingly universal. As World Bank experts have recently observed, in Central and Easter Europe, from the economic point of view, "for the EU-10 […] the transition is over. […] These countries are now competing in the same markets as the more advanced European economies and are catching up with the technological frontier" (Alam et al. 2008:42). Unlike in the previous stage of reforms, current challenges for these countries are similar to the ones faced by countries in the Western Europe. The key to further development is strengthening the innovation, increasing productivity and investment in education. Consequently, the transition paradigm is becoming obsolete. There is, however, the ever more important role of theories and ideas which perceive social changes in Poland in the context of the place of the state in different dimensions of the world capitalist system, including, in particular, those theories and ideas which take into the account different levels of social and institutional development in individual countries. Thus, apart from the neo-liberal version of the modernisation theory, approaches are proposed which refer to globalisation theory, the world-systems theory, the varieties of capitalism approach or the organizational theory of recombinant property (Stark/Bruszt 1998; Wnuk-Lipiński/Ziółkowski 2001; Federowicz

2004; King/Sznajder 2006; Szczepański 2006). The reason for this is that different theoretical concepts accentuate in different ways the role and functions of economic elites.

This article provides an overview of the literature on system change studies in Poland and other Central – Eastern European countries, with a reference to the results of empirical studies on Polish economic elites conducted by various projects in 1990s and in the current decade. The author was involved in many of these projects, including the international project The business elite of East Central Europe: their background, motivation and outlook (Jasiecki 1998; Jasiecki 2002; Federowicz et al. 2005), studies of employers' organisations, stakeholder groups, economic and parliamentary lobbying (Jasiecki 1997; Jasiecki 2001; Jasiecki 2004; Jasiecki et al. 2006), adjustment of Polish trade and manufacturing enterprises to conditions of the single market in the EU (Jasiecki 1999; Jasiecki 2004b; Jasiecki 2007), ethical standards among Polish entrepreneurs (Jasiecki 2004a), and recently Political and economic elites in Poland in relation to integration with European Union in the Institute of Philosophy and Sociology of the Polish Academy of Sciences (Jasiecki 2006a).

The article comprises four main parts: introduction, conceptual framework, the indication of three different phases of Poland's economic development after 1989 and corresponding different types of business elite roles (pioneers, professionals and consolidation elites), and discussion and conclusions.

Conceptual framework: between modernisation and new peripherality

Since the beginning of 1990s, modified modernisation theory paradigm has dominated studies on post-communist system changes in CEE. In economics, it took the form of neoliberal transition economics, which highlights the role of market forces, deregulation and the private sector in social changes. Counterparts of this approach in sociology and political science are neomodernisation and neoconvergence theories, assuming post-communist system change in the direction of Anglo-Saxon-style pluralist democracy and market economy (So 1990; Sztompka 1993). Their most theoretically developed manifestation is the "third wave" of democracy concept (Huntington 1991). Alongside studies on democratic transformation patterns, which started in 1970s in Latin America and Southern Europe, and later on in certain Asian countries, such as the Philippines and South Korea, these theories became the core assumptions of the "transition paradigm" applied since the end of 1980s also to CEE and the former Soviet Union.

Concerning the conditions of countries emerging from communism, one of the main assumptions made by scholars in relation to the transition paradigm was to underline the special role of elites in the system change process. As John Higley

and Jan Pakulski (2000:37-38) observed, although "elites are the main initiators of institutional and policy changes in all kinds of societies and circumstances", "post-communist transformations, especially marketizing reforms, were carried out "from above" through more or less concentred elite actions. […] The designers and craftsmen were the holdover and newly emergent political and economic elites". In post-communist "transitional countries" the Western observers' and local experts' concentration on elites, in particular political ones, was the consequence of the crisis of state institutions and weakness of other political actors – political parties, independent media, civic society, and market society classes and layers which were at the initial stage of development and organisation in the new interest representation system (Borragan 2006).

These circumstances after the fall of communism created the need for new concepts explaining system changes in CEE. The need was initially fulfilled to a certain extent by references to modern interpretations of elite theories, in particular formulated by John Higley and his associates, as well as Pierre Bourdieu's social structure theory combined with Vilfredo Pareto's elite circulation theory. Higley's "elitist paradigm" focussed on functions and configuration of elites, as well as their internal structure and interaction patterns defining to a great extent the character of a political system in the period of transition from authoritative governance and the early stage of development of new systemic rules. The paradigm also proposed a typology of democratic systems, including, *inter alia*, consolidated and unconsolidated democracies which became an important point of reference for studies on the evolution of new political systems in CEE. Also useful for studies on the process and consequences of system transition was the proposed classification into disunified elite, consensually unified elite and ideologically unified elite. Following this approach, the necessary – although not the only – condition for the development in Eastern Europe of stable and consolidated democracies was the initial settlement of "old" and "new" elites which would accept in the final phase of communist rule the introduction of reforms whose effect was the transition to principles of pluralist democracy and market economy. In subsequent stages of political change, this kind of settlement could lead to gradual elite convergence and consensual integration, assisting the consolidation of the new system. The settlement of elites was also perceived as an important factor heralding state modernisation (Burton/Higley 1987). Empirical application of such typologies and analytic categories inspired the bulk of studies on system changes in Eastern Europe in 1990s, including in particular the institutional dimension thereof. Gradually, this paradigm was expanded with new elements, such as types of elite-mass linkages (Higley/Pakulski 2000).

Another approach was Pierre Bourdieu's social structure theory, which was adapted to the conditions of CEE and popularised by studies of Ivan Szelenyi and his co-workers at the beginning of 1990s (Szelenyi et al. 1995). They

focussed on the recruitment and circulation of elites, taking into the account different types of "capitals" used by individuals and social groups. The most important ones included economic capital (property), cultural capital (education), social capital (placement in the social relations network), as well as its special variety – the political capital whose key measurements included occupation of managerial positions in the communist party hierarchy (nomenclature), and good relations with people in power. In the context of social structure changes, including shaping of new dominant, middle and lower classes, there was special interest in political and economic circulation mechanisms and conversion of different non-economic forms of capital into economic capital. It was pointed out that the specific feature of post-communist transition was the structure-generating role of political and cultural capital with the initially minor role of economic capital, which dominates in developed market societies.

In societies emerging from communism, the class of great owners – bourgeoisie or aristocracy – did not exist. As was shrewdly observed by Gil Eyal, Ivan Szelenyi and Eleonor Townsley, the consequence of the model of social structure was the development of "capitalism without capitalists". Under such circumstances, "the transition to capitalism in Central Europe clearly could not follow the classical, West European path of 'capitalists before capitalism'" (Eyal et al. 1998:4). Such a theory also led to the conclusion that both transformation actors and institutions characteristic for this stage of social development form a new, historically different type of capitalism, the "post-Communist managerialism". In the institutional sphere, as it was elaborated by David Stark and Laszlo Bruszt (1998), the characteristic feature of post-communism is the recombinant property coexisting with a decaying public and emerging private ownership that produces the separate *East European Capitalism* based on networks of key political and economic actors. Actors of this type create new property forms that facilitate conversion of political and economic resources into financial capital and private property. In the stratificational dimension, the new variant of capitalism produces the "from above" structure in which classes of owners are only being formed; this is a long term process beyond the period of nearly twenty years that elapsed from the fall of communism. In such circumstances, the role of the main market reform promoter was played by technocrats and intelligentsia, in particular former dissidents forming a new political elite, or western-style managers. In the economy, through management and privatisation of state companies, or cooperation with foreign investors, they created the particular "managerial capitalism", where "post-communist managers" became a new capitalist class. "They look very different from the behaviours and understandings of dynamic Schumpeterian entrepreneurs. […] managers who have become owners will look very different from a Western capitalist" (Eyal et al. 1998:171).

The new propertied class, managing large companies, owed its economic opportunities not so much to the laissez-faire competition, as to the rules of the game based on links between business and politics, that often created clientelist relations between the business world and politicians, administration, and the public sector. For many businessmen the motivation for economic activity was consumption rather than entrepreneurial innovation. They focussed on using, or creating market "openings", such as privatisation, public contracts, or playing with institutional gaps manifested still as variable law, poor enforcement of obligations, and corruption. In the opinion of some academics, the post-communist transition has actually created a "political capitalism" model, where the communist ruling class, cooperating with liberal part of the new political elite and technocrats, gained the greatest benefits from the conversion of political and cultural capital into economic capital (Staniszkis 1991). Elmer Hankiss (1990) defined this situation as the "great coalition" in the Polish context, also taking into the account the great role of the Catholic Church in system transformation. An empirical test enabling verification of different varieties of stratificational concepts of "managerial capitalism" or "political capitalism" are elite circulation and reproduction studies which worked out different types of recruitment patterns, social composition and social background, inter- and intra-generational mobility, attitudes, political acting and professionalisation. Types and notions of this kind were also used to characterise new economic elites. In the 1990s, this type of study focussed on ascertaining the proportion of representatives of the communist system elite in the new political, economic and cultural elites (the so-called "nomenclature effect"). Study results showed large differences between countries, and between different segments of positionally defined elites. Nevertheless, in relation to economic elites, almost all studies in CEE conducted in the first decade of transformation indicated the advantage of the reproduction process (thorough conversion) over circulation. In this respect, the differences between countries were of quantitative, rather than qualitative nature (Lane et al. 2007). As time went by, the earlier findings were gaining new meaning. After over ten years of system changes in CEE, there was an important revaluation of theories and concepts used to describe this issue. What are the symptoms of this phenomenon?

Thomas Carothers accents the "increasingly diverse scholarly views about the course and nature of democratic transitions". He points out that many assumptions of the transition paradigm were not confirmed empirically, or that political events differ from them. The assumptions, and this is also true of new EU members from CEE, include a different sequence of democratisation including a weakness in consolidation process components (political parties, media, civic society, courts), little trust in political elites that are perceived as corrupt and self-interested, low efficiency of public institutions, democratic deficit and patronage-based politics (Carothers 2002:6-12).

In this context, it is worthwhile to refer Christopher Bryant's statement (1994) diagnosing CEE as entering a development period combining, to a different extent, features of liberal capitalism, communism and the Third World. Acceptance of such a statement, which in my opinion gives an accurate description of structural problems of the region, also includes certain useful implications for the examination of the role and function of the economic elite. The neoliberal "transition paradigm", as its critics observe, is one-sided; it does not take into the account rival social development paradigms, nor the historical perspective outside of the communist period, and, in terms of comparisons, it focuses almost exclusively on a few countries from the centre of world capitalism, mainly Anglo-Saxon ones.

This approach misses the essentials of systemic transformations, their multidirectional character and multitude of change patterns in many aspects radically different from transition paradigm assumptions. It attempts to force the essentials into categories and cognitive schemata that generalise the social reality of the United States of America and West European countries, but are not necessarily "useful" to describe the rules and actions of real actors in post communist countries. Limitations of the approach provide impulses for the extension and modification of the theoretical background of the topics in question. New research approaches resulting from such modifications are also important for the interpretation of the roles and functions of economic elites. After almost twenty years of system reforms in Poland, the state of the country is very different from the optimistic visions offered by supporters of neoliberal modernisation. They did not take into the account that operation of capitalism has a different character and consequences in countries at different development levels. The picture of catching up with the West, whereby convergence and structural changes make Poland resemble developed countries, has proved biased and ideological.

One of manifestations of this phenomenon is, *inter alia*, a failure to acknowledge the fact that post-communist countries bear many features which are comparable with certain developed Third World countries, which implies important consequences for reformative activities (e.g. through more extensive use of experiences of the "latecomers"). The occurrence of such features is expressed by comparison of maturity of institutions, economic development levels, social structure, or competitiveness in world markets. It is not by accident that even the most reform-oriented Central European countries are often

perceived, alongside dynamic non-European economies, as *emerging markets*[1], or – to use World Bank nomenclature – *upper-middle-income economies*[2] In the context of various indicators, the comparison of economic resources makes it possible to define the position of Poland as "semi-periphery" or "internal periphery" of the EU, which is more realistic than the image of the country presented by majority of proponents of the neoliberal modernisation theory.[3]

Poland for a few centuries has had the status of a periphery in contacts with western development centres (the communist period was an exception, as for that period the country was dependent on the Soviet Union). Currently, there are certain new circumstances resulting from the overlap and accumulation of system transition, European integration and globalisation. In the latecomer countries, the circumstances forced implementation of reforms that initially hinder the occupation of a good place in the international work division. Such reforms as trade and finance liberalisation or privatisation give more opportunities for action to elites from more developed countries who possess resources and knowledge about rules of the game on world markets (Stiglitz 2002). Therefore, theses started to be formulated very quickly about the emergence in Poland of an economy based on "coexistence of insular indigenous capitalism, significant state and semi-state sector and multinational corporations" (Kochanowicz 1998:36). As claimed by scholars referring to the world-systems theory, in the regional dimension, "the adopted option of dependent development […] through liberalisation of trade with the West and opening to free flow of foreign capital […] determines for Eastern Europe […] the role of a source of low-paid mid-level (from the global point of view) staff, "subcontractors" of world capitalism interests" (Sosnowska 1998:68). Ivan T. Berend (1996:301) posed general questions, whether the fall of communism does not recreate in a new form the peripheral status of Eastern Europe? What is

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1 Emerging-market indicators in The Economist compared Czech Republic, Poland and Hungary, as well as Russia and Turkey, Asian countries (China, Hong Kong, Indonesia, Malaysia, South Korea, Singapore, Philippines, Taiwan, Thailand), Latin America countries (Argentina, Brazil, Chile, Columbia, Mexico, Peru, Venezuela), Near East countries (Egypt, Israel) and an African country (South Africa). The President of the National Bank of Poland during Banking Forum on 12 March 2008 confirmed that Poland is still included in the group of emerging markets.

2 Latest Human Development Index synthetically considering the average life span, GDP per capita and education lists Poland in 37th place in the UN ranking. Argentina occupies 38th place, Hungary 36th, Czech Republic 32nd, Portugal 29th, Slovenia 27th, Greece 24th, Spain 13th (UNDP, 229).

3 The potential of the eight Eastern European countries that joined EU in 2004 constitutes around 5% of Union's GDP and was comparable to the national income of the Netherlands. Currently, taking into the account the GDP per capita criterion, Poland, alongside Bulgaria and Romania, belongs to the poorest EU member states.

the position of poor countries in our region in relations with the rich EU core? Can these countries attain full and equal membership in the EU? At the beginning of 1990s, the theory of merchant capitalism was formulated based on the import of foreign products into the markets of countries emerging from communism. The high profitability of such imports contributed to the decline of local manufacturers and so "merchant capitalism" caused de-modernisation and developmental regression, subjugating economy to external power centres (Burawoy 1999). In Poland, there were growing fears of the permanent subjugation of state development objectives to external priorities, including conversion of the country into a resources base and cheap labour reserve for more developed "old" EU member states (Rządowe Centrum Studiów Strategicznych 1998).

Referring to similar issues, Jadwiga Staniszkis formulated the thesis of "incomplete capitalism" reproducing the peripheral location of Central and Eastern Europe. In Poland this phenomenon is connected with "weakness of capital accumulation mechanisms and dependence thereof; with exhaustion of growth potential after depletion of shallow reserves from the communist period; occurrence of internal development barriers caused by premature de-industrialisation; breaking of the capitalist reproduction cycle […] on the aggregated "macro" level (transferring capital abroad, financial institutions more prone to service public debt, than to grant loans for investment), and on the "micro" level (depreciation write-offs that do not cover replacement costs, low investment rate); with weakness of contract culture and […] shortening of the time perspective for decisions taken in the economy […]; and finally – with system organisation (procedures, institutions, links) working for the benefit of a whole larger than the system and with different objective function" (Staniszkis 2003:105). In Staniszkis' opinion, mechanisms of "incomplete capitalism" result from wrong decisions about institutions taken at the beginning of transition, which to a large extent were imposed from outside together with the logic of "Washington consensus". Independently of the discussion about the reasons and rationale behind such choices in the past (and questions about possible alternatives), one should remember that future is shaped to a great extent by today's decisions and negligence.

In recent years, there has also been a growing interest in the new studies of neo-institutionalists, conducted within the framework of the so-called *varieties of capitalism approach*. This approach focuses on "contemporary capitalism centres, but also tracks the dynamics of competition between them and internal changes within each of them, provides analysis language for the "latecomers", that is mainly European and Asian countries that joined the group of economically advanced states with significant delay. […] Studies of change dynamics in centres or "latecomers" do not provide recipes, but show a transitional gap manifested by immature economic institutions and helps to find

ways to "fill it in" (Fedorowicz 2004:27). Comparative studies lead to the conclusion that globalisation increases differences, rather than harmonises economic behaviours; it creates new institution combinations, coordination and strategy patterns in different market participants. Joining globalisation extends the scope of possible choices and provides new examples of the effective use of resources. The use of the choices and examples depends, however on the ability to form combinations of local political, economic and social structures with multinational and global actors (Guillen 2001). An example of such approach is David Stark's theory of recombinant property as the institutional feature of East European Capitalism, differing from the classical model of West European Capitalism, as well as from contemporary East Asian variants.

Using ideas taken from other development concepts does not negate the value of modernisation perspective, in particular when it is modified beyond its simple mimicking or imitating versions. The strength of new modernisation theories lays in their indication of strategies and resources that may constitute a sustainable foundation for economic growth and social development. They show that each country is capable of development through appropriate policies encouraging entrepreneurship, investment in research and development in human capital. In this view, the key elements are business environment institutions, the quality of company management, financial services, the effectiveness of administration, courts and law, the strengthening of social trust and cooperative behaviours by building institutions, and media independence. New modernisation theories also provide the possibility of diagnosing key problems using experiences of countries at different development levels, accompanied by recommendations taking into the account local needs and possibilities. This approach indicates how to effectively limit various "institutional gaps" which block the development chances for the "latecomers", *inter alia*, through unlocking the "dead capital" used by the lower social classes as proposed by Fernando de Soto. It is used in, *inter alia*, World Bank Doing Business reports. Drawing inspirations from different theoretical concepts of development sociology is a part of the trend that accents their mutual interweaving and the selective convergence that often takes the form of theoretical eclecticism. Although different approaches to development maintain their specific features, because globalisation processes radically modify earlier rules and relationships, deep analysis of social changes cannot be restricted to one concept (de Soto 1990:266-268).

The evolution of the roles of the economic elite

From the perspective of nearly twenty years of system changes in Poland, it is evident that the role and tasks of elites have varied considerably in the different phases of economic development. Jacek Wasilewski (2004) has illustrated the change with the three-elite-generations metaphor: breakthrough elite, transition

elite and consolidation elite. The metaphor refers mainly to political elites. In a modified version, it may also be applied to economic elites.

Functional interpretation of the systemic needs of the developing market economy was the main explanation for the evolution of the role and primary tasks of the business elite in successive stages of system change in Poland. The fall of communism and the introduction of market reforms created the need for a new social and professional category – private entrepreneurs. Some of them formed the core of the new business elite. In the next stage of reforms, the institutionalisation of the successful economic activity facilitated the professionalisation of the new business elite leaders. The next stage of evolution of the Polish economy was strictly linked with the introduction of large multinationals into the Polish market. Foreign capital's large share in the Polish economy enforces consolidation of the local business, that looks for opportunities to strengthen its competitiveness both on the local, and international markets. (Certain characteristics of the evolution of the Polish economic elite's role are presented in Table 3).

The "breakthrough elite" are the market economy pioneers, creators of first relatively big private companies, owners of which were listed in the "richest Poles" ranking. Some of them created companies that were later listed among the biggest businesses operating on the Polish market. Their mission was to create foundations for new economic entities whose development accelerated the transition to market economy. The "breakthrough elite" was characterised by significant autonomy resulting from temporary suspension of typical economic activity limitations that exist in other periods, such as major competition or interventions of institutions defining markets framework (including precise ownership rights, effective and stable tax system, law and enforcement, etc.). Pioneers of capitalism were devoted to the ideology of individual entrepreneurship and of a free market which stood in opposition to a command economy that did not meet consumers' needs.

On the other hand, the main task of the "transformation elite" was to institutionalise choices that had been made earlier: replacement of spectacular economic actions, stimulated by pioneers' visions and market "openings", with the creation and implementation of consistent business development strategies, including introducing changes in company management, or specialisation in specific sectors. At this stage, there was a transition from founding business activities on exploitation of market gaps in the period of a scarcity economy to conditions of competitive market where many companies are present. On the elite level, this stage started their professionalisation and limited their autonomy because of the introduction of certain restrictions (such as stabilisation of new rules) and the entering of new players rapidly increasing their market share, including, in particular, large multinationals.

Finally, "consolidation elites" are mainly to maintain and improve existing market institutions and to reinforce general application of new rules in the public zone. Elites at this stage are focussed on the achievement of success and the pursuit of a professional career on the national market, as well as the single European market and other foreign markets, international or global. "Consolidation elites" because of the principle of economy of scale, operate under pressures that force them to create company conglomerates and to combine resources in cooperation with multiple national and foreign partners operating on different markets. In certain aspects, the consolidation elite is much less autonomous than its predecessors, due to, *inter alia*, the conclusion of internal market division, EU integration requirements, and the increased importance of big corporations. Simultaneously, the elite may gain access to new business opportunities related with the expanded scale of activity in EU countries and other markets (creation of joined projects, financial engineering, capital market instruments, etc.).

Before the three-elite-generations metaphor is applied to, and elaborated for economic communities, a few remarks must be made. The perspective of "imitation" of the West and "modernisation through integration" with the EU imposed in Poland the theoretical reality analysis language based on analogies taken from the reality of developed capitalism. In social structure studies, this was linked with the adoption of the thesis that Polish society, following the transition to democracy and the market, starts to approach a stratification typical for western countries, and the application of categories taken from Anglo-Saxon stratificational theories to Polish conditions. A partial confirmation of the correctness of the thesis was the instigation of structure-forming mechanisms establishing kernels of classes and layers typical for market societies, defined by Weber as privileged through property and education. It was assumed that reforms would quickly create collective change actors, following the rationale corresponding to behaviours of their western counterparts. One of the consequences of this approach was the use of notions often more wishful or ideological than scientific to characterise collective transition actors. Empirical studies did not confirm such expectations.

The behaviour of groups generated by the transition, like the "new elites" or "middle class" is different from what was forecasted on the basis of the neoliberal modernisation theory. These are layers and classes *in statu nascendi*; they are socially heterogenic and to an insignificant degree integrated in terms of attitudes, politics and economics, as well as considerably discrepant in terms of genealogy and culture (Mokrzycki 1996). This phenomenon results in dissipated and poorly crystallised political views of elites, which to a great extent is also the consequence of political instability and personnel fluctuation in public authorities (Wasilewski 2000a). Indicative of this phenomenon are, *inter alia*, studies of fluctuation in parliament composition, which show that in consecutive

terms the parliament has usually over 50%[4] "new" members. Another sign of instability in "elite-generating" institutions is the central and self-governmental administration undergoing pressures of party colonisation and "loot division", also transmitted to management of companies with state's capital (Jarosz 2005). The consequence of the strengthening of such practices is low professionalism of many politicians in high governmental positions and the poor quality of their administrative services (Raciborski 2007).[5] These circumstances also have an impact on the formation of the mechanisms, composition, roles, views and activities of the business elite. Social structure convergence processes leading to stratification typical for Western countries have started, but they take a lot of time, probably a few generations. A relatively low level of economic development (at the beginning of 1990s below 1/3 GDP *per capita* in the "old" EU), different institutional standards, political history and culture patterns, as well as a social structure inherited from communism (in particular, a large share of workers and farmers in the population) are translated into different conditions and motivations of individual and collective "transition actors". Circumstances of system change after 1989, including new rules of division of costs and benefits of changes, created peculiar path dependency and interaction patterns between political and economic elites.

Breakthrough elite: pioneers of capitalism

Under post-communist conditions, the economic elite was from the very beginning a notion whose meaning was significantly different from that in mature market economy societies. First of all, the emerging layer was very heterogeneous due, *inter alia*, to its composition, career paths, organisational experiences and organised action culture. In the early period of transition in Poland, the ownership structure was dominated by large state companies, and the public sector prevailed in the economy. There were only a few private companies. The majority of them were small, financially and organisationally weak companies with a few employees, active mainly in trade and service sectors. The private sector structurally resembled in a new form the classic era of personal capitalism and family business of 19th century (Wilson 1995:12).

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[4] An exception to this rule, which was formulated in the 1990s, was the result of the last early parliamentary elections in Autumn 2007, when there was about 30% "new" members of parliament.

[5] In the years 1989-2008, there were 14 governments in Poland: in 1989-1993 – four governments; 1993-1997 – three governments; 1997-2001 – two governments; including a minority one; 2001-2005 – two governments, including a minority one; 2005-2007 – two governments, including a minority one. Since 2007, there has been one majority government. All governments were a coalition of a number of parties (at least two).

The "breakthrough elite" in economy was composed of social groups with very a different genesis and status: a large group of former communist ruling class managers from state companies; new private entrepreneurs (often originating from lower management and staff discharged from state companies going bankrupt, as well as from informal economy sector); proto-capitalist technocrats nominated by governments to take positions in administration and economy; former private small business operating under communism; owners and managers of companies co-founded by Poles with western citizenship or returning emigrants coming back from abroad. Also, foreign investors entering the Polish market "imported" managers, initially often persons of Polish origin or with Polish family connections.[6] Organisations of employers and private entrepreneurs were only being established; these groups, due to the early stage of company formation, limited material resources and the dynamics of social and economic changes, did not play an important political role as a social group. To quote Marx, they were a "class in itself", rather than a "class for itself". They advocated, like political elites and media at that time, the ideology of individual entrepreneurship and free market. Business leaders were entering new social roles: private employers and bearers of the new economical rationale; propagators of new market consumption standards; suppliers of new products; promoters of new architecture; and in the public sphere they were introducing the language of neoliberal argumentation and political practice (including individual financing of politics).

However, reform-oriented political elites creating capitalism did not take as their starting point the needs of the class of owners. In Poland the key institutions of market infrastructure were being established by way of political decisions taken by new state authorities, elites recruited among intelligentsia leaders of anti-communist opposition, former dissidents, "Solidarity" trade union activists, party reformers and technocrats, as well as from environments supported by the Catholic Church. Because of the top-down approach to the introduction of system reforms at the early stage of transition, an asymmetric relationship was formed between the political elite, the state, and economic groups. As Atila Agh (1996:61) observed, the leaders of the ruling political elite became main actors of reforms, alongside their partners-clients: a politically dependent administration and equally economically dependent "new bourgeoisie". At the stage of reforms at that time, the majority of business leaders focussed on capitalising on an "opening" created by regulatory chaos, gaps in the law and ownership changes that provided opportunities to create new forms of ownership (recombinant property), facilitating the transfer of public property into the private sector. Entrepreneurs did not need to look for profit through product,

[6] For a typology of business careers and sources of wealth among entrepreneurs and Polish business elite, see Osborn, Słomczyński (2005); Jasiecki (2002); Wesołowski (1997).

market or marketing innovations. Unsatisfied demand contributed to the development of trade agencies and other forms of the so-called non-productive entrepreneurship, radically different from Schumpeter's theory of an entrepreneur.

This situation was similar in many respects to the Robber Barons period in the United States at the turn of nineteenth and twentieth centuries, or the first, turbulent phase from 1918 to 1923 in the Weimar Republic. This situation may also be characterised by remarks of Fernando H. Cardoso concerning the beginnings of industrialisation in Latin America. Cardoso (1967) underlined structural and historical differences in the forms of entrepreneurs' activities in this part of the world, and the coexistence of different types of entrepreneurs whose relative importance may vary in different market economy development phases. In his typology of entrepreneurs, he mentions the speculating entrepreneur whose prosperity is based on manipulating the tax system and acting as intermediary between the business of developed countries and local dominant classes, who used new possibilities of foreign capital expansion for their own benefit. Similarly, though acknowledging the role of contemporary globalisation and European integration conditions, one may look at phenomena characterised by Burawoy's theory of merchant capitalism, or Staniszkis' "incomplete capitalism". These theories point out the domination of trade in economic activity in the early period of transition, and also the submission of capital accumulation and flow to rules imposed by external political and economic actors. The liberalisation of trade under the conditions of lack of financial capital, collapse of industrial production profitability, general political uncertainty and high inflation, facilitates mainly fast cash turnover.

The correctness of this diagnosis is confirmed by "richest Poles" rankings from the beginning of 1990s, which are indicative of the profitability of domestic and international trade and financial activity as the foundation for "big fortunes". Also, various forms of "managerial capitalism", "political capitalism", or "public sector capitalism" shaped in this period in CEE may be interpreted as strategies used by local elites to adjust to pressures of globalisation, accession and integration with EU. These strategies were initially the main method for the elites of the "old" and "new" systems to activate locally available economic and social capital. In Poland at the end of 1990s, entrepreneurship "was still characterised by the use of resources gained in the communist period. Successful were those, who in the past gained professional knowledge, managerial experience and professional-social contacts, who were submerged in the then clique". It was they who dictated the tone of private business behaviour (Gardawski 2001:99). In a different geopolitical context, such as in Russia and Ukraine, a different version of these strategies took the shape of oligarchic governance in non-liberal "presidential democracies" (Hoffman 2002). A further variety of the strategies were the actions taken by governing elites in the former

Yugoslavia, where nationalist governments used wars to "block transformation" and mass conversion of former communist ruling class members into new managers and capitalists (Lazić 2007; Barret 2007). An empirical indicator of the presence of "political capitalism" was the occurrence in different proportions of the nomenclature effect in economic elites of all post-communist countries in CEE.[7]

Another important distinctive feature of East European Capitalism providing arguments supporting the perception of the development of the region in terms of varieties of capitalism approach, or world-systems theory is the character of cooperation between authority elites with foreign capital. It is not by accident that politicians, officials and managers selling public property to foreign partners in exchange for lucrative, well paid positions in management of companies that they establish, started to be referred to as "compradore bourgeoisie" and "compradore intellectuals" known from neo-Marxist characteristics of peripheral and Third World countries (Sklair 1991; Eyal et al. 1998:173-175). The role of a liaison point and an intermediary between external interests and domestic institutions, including participation in obtaining and use of foreign aid, made these groups very important change actors in post-communist societies. The manifestation of the institutionalisation and role of such links is the activity of numerous foundations, think-tanks and non-governmental organisations financed to a significant degree by foreign sponsors (Wedel 2001). However, contrary to the international business class strengthening competitiveness of domestic companies, in CEE, consequences of their activities is a cause of controversy. This controversy is linked with fears that the expansion of foreign companies on local markets takes place at the expense of development perspectives for local entrepreneurs and leads to the taking over the control of the economy by multinationals. It also limits the size and resources of the domestic business elite. This is the reason why elites are publicly accused of active participation in "selling out national property" and promotion of "foreign interests". Such fears are not ungrounded.

A part of the Polish political elite was strengthening the position of Poland as a satellite of Soviet Russia and represented the interests of a foreign state in relation to the majority of the society. Although the motivations for such a stance varied (based on ideology, opportunism, etc.), the consequence was, *inter alia*, a weak strategic approach in Polish politics and the frequent treatment of

[7] As observed by Federowicz (2004:28-29), "the dilemma of 'political capitalism' is much broader than problems typical for post-communist transformation. It refers mainly to relations between politics and economy, and in the history of 'latecomers' has a wide range of possible solutions […] Historical examples show that political capitalism understood as […] the use of centralised political power to accelerate the accumulation of (private) capital may be a viable alternative to the liberal economic model".

the state treasury as a resource at the service of the "political class" (Kuźniar 2005:334-346). In combination with the crisis of traditional patriotism and cultural identity, which accompanies transformation, such attitudes facilitate the phenomenon referred to by Samuel Huntington (2005:270-277) as transnationalism, i.e. a "cosmopolitan" attitude of elites deciding on political or regulatory issues in the country, mainly with reference to super-national organisations and solutions, rather than a local state and social context. In Poland, such attitudes took the form of "euroenthusiasm" and support for "imported modernisation" based on a leftwing interpretation of neoliberal economic policy standards and EU patterns in terms of tradition and law. In the field of economy, the biggest concentration of such attitudes may be observed among economists, finance specialists, managers and other professionals employed by foreign investors and multinational corporations (Jasiecki 2007).

Transition elite: business professionalisation

Controversies around this problem started at the beginning of 1990s following the significant entrance of major foreign investors into the Polish market. The depletion of market reserves accumulated in the scarcity economy period and emergence of strong external competition coincided with the stabilisation of new system rules, such as the adoption of a new Constitution in 1997 and the implementation of pre-accession programmes intended to prepare for EU membership. Increased market access costs marginalised the importance of certain previously available paths to the business elite, such as the pathway open to small companies from the former private sector. Due to ownership change and privatisation, new variants of recombinant property were emerging; they constitute an integral feature of Stark's and Bruszt's East European Capitalism.

Market maturation increased their scope and complexity through the development of new capital market institutions and the emergence of a varied group of owners and investors – private, corporate (national and international), governmental agencies, communal companies, etc. The role of large economic organisms that might use economies of scale started to grow significantly, also on the international level. Institutionalisation and an increased scale of activity required a shift to more professional company management forms, and positioning in selected sectors of the economy.

In leading private companies, this tendency was manifested in the transition from a personal to an entrepreneurial form of organisation, the owner-manager beginning to delegate responsibility to professional managers, as well as bringing in outside capital from different sources, such as stock markets, banks or foreign partners. This transition adjusted management methods to a shrinking economy, including division and specialisation of functions in rapidly growing enterprises that were increasing employment and developing new products. The significant increase in the need for new management staff, experienced in

working in large foreign companies, with a western education, accelerated the professionalisation of the economy.

Three main institutional segments with "elite-generating" character appeared in the Polish economy after a few years of radical market reforms (and in changing proportions they still play this role). They are – following positional elite definitions – owners, co-owners and top management of economic organisations with the largest resources: 1) branches of multinational corporations; 2) companies with a significant share of state capital, and 3) new domestic private companies. The environment which is closet to and provides staff reservoir of the Polish economic elite includes politicians, as well as state officials making significant regulatory, ownership and administrative decisions. Often, after the end of public career, they are employed in the management of enterprises in various sectors of the economy. Due to the genesis of companies, capital origin and organisational culture, the "elite-generating" economy segments still operate with different rationales. They also have different economic and social resources. This is presented in Table 1 below, broken down into selected criteria.

Table 1. Main institutional resources of the economic elite in Poland

Criteria of comparisons	Biggest multinationals	Biggest state owned companies	Biggest private domestic companies
Dynamics of development	the highest	differential, stagnant or diminishing	often diversified in order to grow
Capital potential	the largest	big, often non effective	growing, very active
Top management quality	the best	getting worse	good, improving
Carrier paths	professional	political	growing business professionalisation
Professional development opportunities	very high	limited	high, growing
Rationality and internal control mechanism	Market orientation	political orientation	mixed, growing role of market criteria
Recruitment policy	Companies and business criteria	election cycle	economic cycles

One of the consequences of such discrepancies is the need, for analytical purposes, to differentiate the broadly defined Polish economic elite from the business elite in the private sector. According to Weber's institutional autonomy concept, the group of owners and co-owners (also often managers) in new private companies constitute a group that to the greatest extent may be viewed as the core of the currently emerging Polish business elite. In comparison with local branches of multinational corporations and companies with state capital,

the owners and managers of new private companies have the most autonomy in terms of ownership and governance. The top management in foreign companies, characterised by exceptionally high professional qualifications, is usually only a local extension of economic relationships the strategies of which go beyond the Polish economy. The owners and managers of foreign companies are made up primarily of an international business class which sees their interests and identity on a multinational corporate level. That is where key decisions are taken. This segment is closest to what Huntington termed the economic transnational elite, whose members define themselves as "global citizens". On the other hand, the top management in companies with a large share of public capital is the least dependent on market criteria. Its career patterns, like its rationale and control mechanisms, are political in character and ruled by the election cycle. A change of government is usually followed by a wave of staff changes in such companies and in other institutions covered by the rule of "loot division" between political parties (such as tax administration or economic agencies of the government), which has a significant influence on the economy.

Since the second half of 1990s, at the company level, the biggest actors in the economy are leading international corporations and capital groups, the largest companies with state capital (often with the status of monopolies – including sectors like power production, mining, railway transport, postal services, aviation, etc.), and a relatively small, but growing, group of the largest domestic private companies. The resources they have are differently translated into influences and political strategies. Large international companies use corporate or commercial lobbying to serve their interests in relations with politicians and the administration. Leading state companies are mainly involved in "symbiotic" relations with politicians, clientelism and "loot division" between political parties (the management of certain "strong" state-dominated companies or sectors, like railways or mining, with the support of trade unions, may decide to confront with the government). On the other hand, the largest private companies use varied methods of influence, including networking and establishing oligarchic links with the main power centres (Table 2).

The large scale of networking was uncovered by empirical studies that showed the existence of numerous personal links between politicians and business leaders. "Almost half of the business elite members claimed to have a national-level politician among their closest acquaintances […] almost three quarters declare that in key issues for their companies they have an opportunity to gain access to a representative of the highest state authorities. 42% have access to a minister, and every fifth elite member claims to have access to an official higher than a minister" (Drąg 1999:78). Contacts of this type were usually obtained through company supervisory boards and professional and cultural associations that organised galas, picnics, charity actions and concerts. Asymmetric relations are the characteristic feature of the contacts: it is high state officials and

politicians who seek opportunities to enter business. The reverse situation – movement of leading figures in the economic world to public administration occurs on a small scale.[8] Market reforms strengthened the economic foundations of business elites' autonomy. The increase in the size and market value of private companies (indicated by their increasing presence in rankings of the largest Polish companies) was accompanied by a capital concentration and the formation of large corporations, holdings and capital groups. A relatively small group of owners of large private companies with significant capital was emerged and stabilized.[9] The total value of the property of the "500 richest" Poles in mid 2000 was estimated at $16 billion, which constituted around 10% of Poland's GDP in 1999 (calculated using foreign exchange rate of 2000) (Jasiecki 2002:174).

Table 2. Political strategies of the economic elite

Selected aspects of analysis	Biggest multinationals	Biggest states companies	Biggest private domestic companies
Relations with government	companies or commercial lobbying	political clientelism, party affiliation	differential, also oligarchic tendencies
Methods of influence	individual, organisational	monopolistic, sectored	personal networking
Business strategy	bargaining	symbiotic, confrontation	symbiotic

The accumulation of capital and institutional resources in the hands of private business elite also began to be translated into political influence on the part of some members of that elite. Some of the form of the elite's political influence included the financing of the election campaigns of certain politicians and political parties, the shaping of public opinion through private media, the establishment of foundations, charity work, philanthropy and sponsorship, interest-group and lobbying activity, as well as the participation of their business organisations in the work of government authority bodies and various advisory or consultancy bodies. As has been discovered in the course of investigations by special parliamentary investigating committees, the growing economic position of certain private business leaders facilitated the development of pathological "oligarchic" tendencies, where personal links between entrepreneurs and

[8] As observed by J. Wasilewski (1999, p. 40), "almost 40% of high state officials and 20% of politicians are directly linked with business, mainly as members of supervisory boards in companies with state capital. (…) the extensive bond between business and politics in Poland is not so much filled with businessmen entering the world of politics, as it is with politicians (in particular high state officials) entering business".

[9] For the tendency towards stability in private business elite based on 100 Richest Poles rankings, see Wesołowski (2007).

politicians were used to gain individual and group benefits with ensuing damage to the state budget interest (Jasiecki 2002; Jasiecki 2004; Jasiecki et al. 2006).

The links were manifested in the form of controversial decisions on the appraisal and privatisation of certain companies, the granting of licences for TV broadcasting, the importation of gas from Russia, motorway construction, and large public tenders, including the computerisation of public offices, or the purchase of vehicles for police and the army. Criticism of governments accused of corruption led to public belief that the majority of Polish political and economic elites had intertwined state institutions in their own interests, and created mechanisms through which the costs of their policies were transferred to other social groups. The part played by elites in strengthening non-democratic and anti-market rules contributed to pathologies in system reforms. Such practices at the turn of the 21st century were one of the reasons for the neo-conservative criticism of the liberal and leftwing elites governing Poland, who were accused of establishing a "façade democracy", or "peripheral democracy", that uses a selective reception of western liberalism to further individual political and economic interests (Krasnodębski 2003).

Numerous scandals on the frontier between politics and business drew attention to the formation of interest-group coalitions, referred to as early winners (Hellman 1998), or "transformation class" (Staniszkis 1994). The coalitions included groups gaining benefits from the imperfections in institutions and structures established at the beginning of 1990s. Some of them, usually recruited from the higher social classes of the end-period of communism and early capitalism, such as certain politicians, state officials, managers of companies and private businesses, gained privileged access to various resources, which they used for their own benefit –. These groups were interested in rigidifying the system and stopping, or slowing down, market and democratic reforms that in the future might mean the loss of their profit sources.

Consolidation elite: towards corporate capitalism?

Political events of the last few years have not confirmed the existence in Poland of the forecasted pluralistically unified, democracy-consolidating political elite (Wasilewski 2000a). The low quality of regulations and the low effectiveness of governance combined with scandals on the frontier between politics and business provoked a debate on the reasons for the state crisis and on ways to improve. Severe political conflicts became a part of a larger phenomenon interpreted by some as the post-transitional crisis of democracy in Eastern Europe (Rupnik 2007; Krastev 2007). The hypothesis suggests that the end of transition, whose political cut-off date was the EU accession in May 2004, produced in Poland (as well as in Hungary, Czech Republic and Slovakia) a deep crisis of identity and values, and the end of consensus about the direction of system changes.

EU accession coincided with a major redefinition of politics; the aims of this process were the opposite of those that occurred in the West in 1968. Symptoms of this trend were: political instability; reduced trust in democratic institutions; significant influence of radical, populist and nationalist groups; attacks on the main institutions of the liberal order; aggressive promotion of the neoconservative moral order based on religious and national values; polarisation of political parties rejecting compromise; undermining of elites' consensus about economic policy; and scepticism towards the EU, accused of imposing a neoliberal, multinational and elitist system-change project. In Poland, these trends culminated under the rule of Kaczyński brothers in 2005 – 2007, when the president and prime minister questioned the old rules and proposed the change of the state's political system into the 4th Republic, which was to strengthen the position of the executive authority, as was the case in the 5th Republic in France. One of the features of this concept was the criticism of the "oligarchisation" of the Polish economy and promises to break corruptive links between main state authority centres and certain of the "richest Poles". The new government, which also included populist and nationalist parties, used national interest defence slogans and manifested a dislike of foreign capital. Projects of that era included the introduction of a law limiting the development of hypermarket networks dominated by foreign investors, and attempts also to limit the expansion of foreign capital in the banking and insurance sectors. The privatisation of state companies was stopped. The propagation of the neoconservative state concept and the use of controversial methods to achieve it – such as at times unconstitutional changes in the law – caused conflict with the interests of numerous social groups, including big business, entrepreneurs, journalists and neoliberal media, the law professions and the majority of university communities.

Leaders of Prawo i Sprawiedliwość (Law and Justice) gave assurances that actions taken by their government were intended to disrupt the privileges of early winners, and promised to break the structural blocks which limited the development of the market economy and democracy in Poland. However, conflicts within the ruling coalition, its weakness in terms of programme and staff, and a socially unacceptable style of governance, including excessive use of the special police services against the opposition, led to the fall of the government and early parliamentary elections in the Autumn of 2007.[10] As a result of the elections, a new government was formed with Prime Minister

[10] The period of dominance of Prawo i Sprawiedliwość in Polish politics is described by Kolarska-Bobińska, Kucharczyk, Zbieranek (2007), *inter alia*, taking into the account the constitutional order, election procedures, the financing of political parties, lawmaking, judiciary authority, the political party system, public administration, anti-corruption measures, public opinion, social action and protests, government policies towards non-governmental organisations, and minority rights.

Donald Tusk, leader of the liberal – conservative Platforma Obywatelska (Citizens' Platform), in coalition with Polskie Stronnictwo Ludowe (Polish People's Party). What has been the impact of the changes in the political scene in Poland on the evolution of roles of the economic elites?

The brutal governance style and the attempt to reverse the system changes which had taken place since 1989, modified the language of public discourse. It turned from being pragmatic to being ideological. The confrontational language of political parties led to a new fragmentation of elites, in particular the political and opinion-making elites. This phenomenon was also transferred to other social groups, including economic elites. Before the government lost power in 2007, it managed to introduce "its own" managers to state treasury companies and other important economic and regulatory institutions, including National Bank of Poland and the financial supervision authority. Due to the influence of the state in the largest companies (also those involving foreign investors, such as Telekomunikacja Polska), neoconservative supporters of Prawo i Sprawiedliwość entered the economic elite previously dominated by supporters of neoliberal and post-communist parties (Jasiecki 2002). In this sense, one may speak of a broadening of the spectrum of political views in the Polish economic elite. However, it is still an open question as to the durability of this change, because the new government since Autumn 2007 has also been introducing changes in companies with a share of state capital and in the economic administration of the state. President Lech Kaczyński plays an important political role since he has the right to veto acts of parliament; for instance, he threatened to use it in the case of Lisbon Treaty ratification (he also is opposed to Poland's entry into the Euro zone).

On the other hand, the Polish business elite in the private sector shaped in 1990s and controlling major entrepreneur organisations and some communications media, in particular electronic media, did not agree with the 2005 – 2007 policy and took actions to consolidate and defend its position. In January 2008, the Polish Employers' Congress was organised to strengthen the position of employers and entrepreneurs in its relations with political authorities. However, the Congress revealed the weakness of business organisations and their outdated character in the interest-representation system. These organisations have been run by the same people for many years, were often involved in defending the interests of "oligarchs" and other early winners who were, in fact, to a great extent, their founders, donors and managers. Most Polish entrepreneurs are not members of any business organisations, which again undermines their claims to representativeness. There are also significant generation changes in the private business elite structure. Rankings of "richest Poles" list more and more members of younger entrepreneurs group who started their business careers not long ago and who are not linked with any employers' organisations and political relations. Such phenomena provide new evidence supporting the hypothesis regarding the

"changeability of the richest people circle in Poland", and, at the same time, the presence of "a trend of wealth elite stabilisation" (Wesołowski 2007).

This dialectics of business elite's "changeability and stabilisation" is the result of the system changes process after 1989. Transformations of the ownership structure in the Polish economy led to the situation whereby, currently, about 80% of GDP is produced by private companies; this increases the institutional autonomy of the business elite in its relations with the political elite and the state. The consolidation processes in the business elite and the strengthening of its institutional autonomy are limited to the domestic private sector (which is still to a great extent fragmented), and the foreign capital dominated by multinationals. The public sector, including the biggest state owned companies, is still under the control of the ruling parties. The situation of this group of companies is changing, however, in the sense that the current coalition intends to speed up the privatisation process, and at the same time to modify the system of remuneration of top management to make it equivalent to that in the private sector. It is an open question, whether the declarations of intent will be followed by action.

The economic reasons for the increased importance and autonomy of the business elite in the private sector are substantiated by certain statistical data. According to the latest ranking of the "100 richest Poles" published by *Forbes*, the listed persons jointly owned about 28 billion USD. Six of them were listed among the "500 Richest People In The World" (Forbes 2008). Boston Consulting Group at the end of 2003 stated that 64,000 Polish families had at least one million USD, and their total assets were estimated at 26 billion USD (Global Wealth 2004). Poland's membership of the EU strengthened the already present trends of company consolidation and capital concentration resulting from increased competition on the internal market and the internalisation of economic activity. In most economy sectors, the market has been divided between the biggest players. Its shape resembles the abovementioned characteristics of Polish economy in terms of dependent development, or peripheral capitalism based on the domination of multinational corporations, the large role of state companies, a small group of large domestic private companies and numerous micro-enterprises. The structure of the economy is clarified by analysis of the list of the 500 largest enterprises published immediately before Poland's accession to the EU. The ranking of 2003, in the "foreign capital" category was the largest group of enterprises, 234 companies, of which those listed as "foreign capital only" numbered 147 companies. In comments on the ranking, it was pointed out that "in 4 out of the 5 most profitable sectors, foreign

companies constitute at least a half of the total number" (Jabłoński 2003:13).[11] The next group was "private domestic capital" with 134 companies including 28 with a "large share of foreign capital". Private domestic capital companies, however, occupied rather low positions in the list. This was so because Polish private companies are usually small and have few possibilities to become pan European or even regional companies. On the other hand, among 128 companies controlled by the state, there were many companies at the top of the list; these companies were also the biggest employers. These used to be former monopolist companies from power supply and heavy industry sectors (out of the 25 biggest companies in Poland, 14 were directly managed by the state).

The institutional structure of key economy actors is the reason why leading companies with a majority of foreign capital have the best "access" to politicians and state administration. Their operations are so significant because the Polish capital – dependent on the state – is still weak as an independent political force. In this situation, multinationals came to be a particularly strong factor in strengthening the emancipation of domestic business in its relations with the world of politics. At the same time, however, the leading role of foreign capital in the economy means that decisions of Polish entrepreneurs must to a great extent take into the account the preferences of multinational corporations. This phenomenon is caused, *inter alia*, by the fact that links between domestic capital and foreign companies are often stronger than links with local economic communities (ownership, governance control, relations between companies, distribution networks, etc.). It resulted in the emergence of a new power distribution both in the economy and in the political sphere. Politicians, administration, business and other groups forming the economy infrastructure become more susceptible to external influences and pressures from international organisations, the international business class, etc.), because the state has a decreasing set of autonomous economic policy instruments.[12]

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[11] Analysts emphasise the unprecedented level of foreign penetration and ownership in the banking sector in Latin America and central-eastern Europe. In Poland, the foreign-capital-share indicator exceeded 80% in the ownership structure of the banking sector. In the majority of highly developed countries, the share of foreign capital in the banking sector rarely exceeds twenty percent, which is significant from the point of view of self-reliance in financing economic development.

[12] One of the proofs for the significant position of foreign investors in the Polish economic elite is that the Polish Business Roundtable including the "richest Poles" at the end of the 1990s adopted a regulation by which the number of representatives of such companies may not exceed one third of the total number of the organisation's members. Also, from time to time in discussions in the Polish Banks Association, it is said that the name Association of Banks in Poland (which was the name of this organisation's counterpart before 1939) would be more appropriate.

The actual role of the domestic business elite therefore boils down to strengthening market position of their companies nationally and internationally and positioning them in niches of the recently booming Polish economy. Such activities are usually accompanied by the ideology of international competition. From the point of view of organisational development forms, its characteristic feature is the gradual separation of control from ownership, typical of the managerial capitalism phase. Strategic, functional and operational management is increasingly often taken over by professional managers, and the role of "founding fathers" from the breakthrough and transition period is replaced by the roles of investors and shareholders, who are less active in current company management. The new phenomenon of "rentier capitalism" is starting to emerge due to generation replacement, retirement of well-known business leaders and the arrival of market economy pioneers' children in company management.

According to the rule of the growing disparities of incomes,, the social homogeneity of the business elite is on the rise also. This trend is manifested by the growing distance in income and status between the elite and the rest of society, as well as growing similarity of career, education and lifestyle patterns of the elite, which have become a point of interest for glossy magazines describing celebrities' lifestyles (luxurious residences, sometimes outside of Poland; private aeroplanes, etc.). Due to the relatively short period of inheritance of capital and social status from generation to generation, the period is only getting underway and is far from the end. The evolution of the role of business elite, taking into the account systemic conditions, main tasks, social structure, organisational development forms, relations with the political elite, and dominant ideology is synthetically presented in Table 3.

Discussion and Conclusions

The stages of systemic and economic change have entailed an evolution of the role of the economic elite in Poland. Key directions of the evolution have depended mainly on systemic conditions in the economy, connected also with the changing social structure of business elite leaders, the transformation of organisational development forms in leading companies, major entrepreneurs' relations with the political elite, and the ideology of economic communities. The evolution of the role of private business, that constitutes the core of the new economic elite in Poland, may be characterised by means of the three-elite-generations metaphor: breakthrough elite, transition elite and consolidation elite. The main task ("mission") of the breakthrough elite was to pioneer the creation of foundations for private companies in the initial stage of transition from command economy to market economy. The transition elite focussed on the institutionalisation of earlier achievements, the enlargement of companies and the professionalisation of management. The consolidation elite has concentrated on strengthening the competitiveness of their companies nationally and

internationally. Functional interpretation of the systemic needs of the developing market economy was the main explanation for the evolution of the role and primary tasks of the business elite in successive stages of system change in Poland.

Table 3. Changing roles of the polish economic elite

Selected characteristic	Breakthrough elite	Transformation elite	Consolidation elite
Main task	pioneers of private firms and market economy	institutionalisation of early economic activity,business expansion	strength of market position in domestic and international markets
Systemic circumstances	political instability, regulatory chaos, many market "openings"	stabilisation of new rules, competitive market	domestic market division, internationalisation of economic activity
Social composition	large heterogeneity	early homogenisation	further homogenisation
Forms of organisational development	personal capitalism	Entrepreneurial capitalism	managerial capitalism
Relation with political elite	asymmetry, clientelism, subordination	growth of political influence of individual entrepreneurs, oligarchic networking	Development of institutional autonomy
Ideology	individualistic entrepreneurship, creation of free market	management professionalisation	international competitiveness

Studies on the genesis, resources and behaviours of the Polish economic elite confirm the thesis that capitalism works differently and has different consequences in states at different development levels. Describing them in terms of the neoliberal modernisation paradigm of "emerging markets", "elitist paradigm" and transformation theory is not broad enough, and is insufficient for a theoretical reconstruction of institutional, structural and functional changes occurring in states that, like Poland, are at the stage of development combining (in different dimensions and in varying proportions) characteristics of post-communist, neoliberal, globalised capitalist and Third-World societies. Other concepts are also useful in this respect, such as concepts inspired by globalisation theory, world-systems theory or the varieties of capitalism approach that provide a different conceptual framework for the role and functions of economic elites. An example of their application is the discussion on specific features of *East European Capitalism* whose genesis and

characteristics are different from the classical West European capitalism, and also other contemporary capitalism variants. Various aspects of the differences are indicated by the *theory of merchant capitalism*, or "incomplete capitalism" subjugating Central-Eastern Europe to external power centres, or stratificational theories of "managerial capitalism" and "political capitalism", considering the problem of nomenclature effect in economic elites, as well as the special role of political and cultural capital in shaping economic capital during post-communist transformation. In the institutional dimension, these specific features are characterised by concepts of recombinant property, networks between key political and economic actors, and differentiation in change patterns, in many aspects radically diverse from the assumptions of neoliberal reforms.

A manifestation of the difference may be the ownership structure and development dynamics of enterprises marked by the leading position of foreign investors (forming the most globalised economy segment and the core of the local economic transnational elite), the significant role of the public sector and a relatively weak domestic private capital sector. As a result, as in countries of "dependent" or "peripheral" capitalism, the state, politicians and local business are very susceptible to external influences and pressures, which have a very large impact on the economy and the public sphere. On the other hand, domestic economic elites, like the top management of the largest state companies, follow the rules of political "loot division", or, like the private business elite, inclinations to establish corruptive relations with politicians and public administration, a part of which reproduces the benefits of early winners, to the detriment of other economic change actors. One of the important aspects of the post-transitional democracy crisis in Poland are the attempts to break the interest coalition shaped in 1990s which, like oligarchic and clientelist tendencies on the frontier between politics and business, limit the country's development potential. However, the fragmentation of, and violent conflicts within, the political elite predominant over the last few years not only delay the consolidation of democracy, but also are negatively transmitted onto the economic elite and the quality of macroeconomic management in Poland. Some of concepts formulated in course of the debate on the peculiarities of the East European Capitalism, for instance the theory of merchant capitalism, or controversies accompanying the nomenclature effect, have lost their original meaning. Together with the completion of privatisation and the integration with EU single-market standards, one may forecast the development of new forms of ownership moving away from recombinant property practices from the beginning of post-communist transformation. Also, the structure-generating role of political capital is gradually decreasing, and property accumulation processes are strengthening the significance of economic capital correlated with cultural capital (e.g. in the form of professionalisation).

Certain other concepts, of, for example, "incomplete capitalism" or "dependent development", maintain their value in studies on the resources and strategies of the economic elite, and are useful to explain differences in its behaviour. These concepts indicate the need to take into the account the global context of contemporary capitalism and the possibility of positioning countries that are entering the path of market economy and pluralist democracy with a delay. Discussions in terms of the varieties of capitalism approach suggest a perception of systemic dissimilarity of the "East European Capitalism" continuing into the future (as is also the case of characteristic features of Anglo-Saxon, Scandinavian, Latino, Asian etc. capitalisms). It is still an open question whether "East European Capitalism" will maintain its dissimilarity in the long term, what will be the nature of the dissimilarity, and what are the chances and challenges of its development within the framework of EU.

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