

DEVELOPMENT IN POLISH COMMUNITIES: THE RESULTS OF A GMINA SURVEY

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1. INTRODUCTION

Constitutional change in 1992 meant that local self-rule became the basic organizational form of public life in Poland and provided for directly elected community (*gmina*) councils whose members in turn elected delegates to the self-governing regional (voivodship) council. Although central government retained control over much local finance, these developments were in accord with the democratic thrust of the 1989 agreement that accompanied the demise of the old communist apparatus. The country's desire for EU membership ultimately necessitated a redefinition of its territorial space, resulting in the Local Government Reform Act (*Ustawa z 24 lipca 1998 o wprowadzeniu zasadniczego trójstopniowego podziału terytorialnego państwa*) that came into effect on 1 January 1999. This created sixteen NUTS 2 regions by reducing the number of voivodships from the previous 49 and re-introduced the *powiat* tier of government that had been abolished in 1974. The legislation retained 2,489 NUTS 5 level *gminas*.¹ None of this, however, could disguise the long standing spatial inequalities, both economic and social, that continue to bedevil the country.

The differentials obtaining throughout Poland have been well documented (Gorzela, 1998; Kukliński, Mync and Szul, 1997) and typically find their expression along rural-urban or east-west axes, with Warsaw being the outstanding exception in the latter case. They can be found in levels of regional income, with the voivodship of Lubelskie in the east of country having a per capita GDP that was just seventy per cent of the national average in 2002, while the equivalent figure was 152.3 in Mazowieckie. There were 240 crimes per 10,000 population in the voivodship of Podkarpackie, but 440.8 in Dolnośląskie. In the *powiat* of Łobeski, the prevailing rate of registered unemployment was 42.3 per cent of the labour force in September 2004, yet it was only 6.5 per cent in Warsaw. In a similar vein, in 2002, only 4.2 per cent of Poles residing in the rural *gminas* had completed a university education whereas the corresponding figure for urban residents was 13.7 per cent. In the urban areas of Poland, one post office serves 5.8 square kilometres, while in rural areas the equivalent figure is 62.9 square kilometres. Although not of itself peculiar to Poland, these inequalities are potentially being compounded by the highly concentrated nature of the foreign direct investment that many regard as a key factor in the country's drive to converge on the European mainstream (Ingham, Ingham and Kowalski, 2005).

The purpose of this paper is to report the summary findings of a research exercise that attempted to get beneath the headline manifestations of differential development to understand more about the constraints and opportunities confronting local areas within Poland and how these vary across space. Central to this exercise and the case studies that were conducted to complement it (Herbst, Herbst, Ingham and Ingham, 2005) was an effort to understand more about the role that social capital might have played in the past and could play in the future in explaining and potentially moderating inequality as the country embarks on a new epoch as a fully fledged EU Member State. The next section therefore presents a review of the various notions of social capital that now permeate the literature. Section 3 introduces the questionnaire that underpinned the work and describes the survey methodology employed, with the findings being presented in Section 4. A summary and conclusion close the paper.

2. SOCIAL CAPITAL

The fact that numerous definitions of social capital are to be found in the literature can be explained, at least in part, by the fact that the concept has roots in a number of disciplines (Productivity Commission, 2003). Using a classification due to OECD (2001), at least four broad approaches can be identified. The economics literature emphasises one that focuses on individuals' incentives to interact with others and to invest in social capital resources out of self interest and another that explores the design and effects of formal and informal institutions. Political scientists stress the role of institutions and political and social norms in shaping human behaviour. The sociological perspective places heavy reliance on features of social organisation such as trust, reciprocity and networks of civic engagement. Finally, the anthropological literature develops the notion that humans have natural instincts for association, which provides a biological basis for social order.

Another way of classifying social capital, besides the disciplinary perspectives discussed above, is by the level at which its accumulation occurs (Grootaert and van Bastelaer, 2002). The first, and arguably the most well known, is at the micro level and was defined by Putnam (1993) as 'those features of social organization, such as networks of individuals or households, and the associated norms and values that create externalities for the community as a whole. Coleman (1990), on the other hand, defined a meso level of social capital that exists when 'a variety of different entities [which] all consist of some aspect of social structure, and [which] facilitate certain actions of actors – whether personal or corporate actors – within the structure'. At the macro level, social capital relates to the social and political environment that shapes social structures and enables norms to develop. This macro view embraces the most formalised institutional relationships and structures, such as the political regime, the rule of law, the court system and civil and political liberties.

In addition to the various categorizations of social capital discussed above, there is also a further sub-division into its 'structural' and 'cognitive' forms. The first of these is viewed as being a mechanism that facilitates information sharing and collective action via established networks that are identifiable and therefore, to some extent, measurable. On the other hand, cognitive social capital, which refers to norms, trust, values etc., is more intangible and has to be captured through social surveys and proxies.

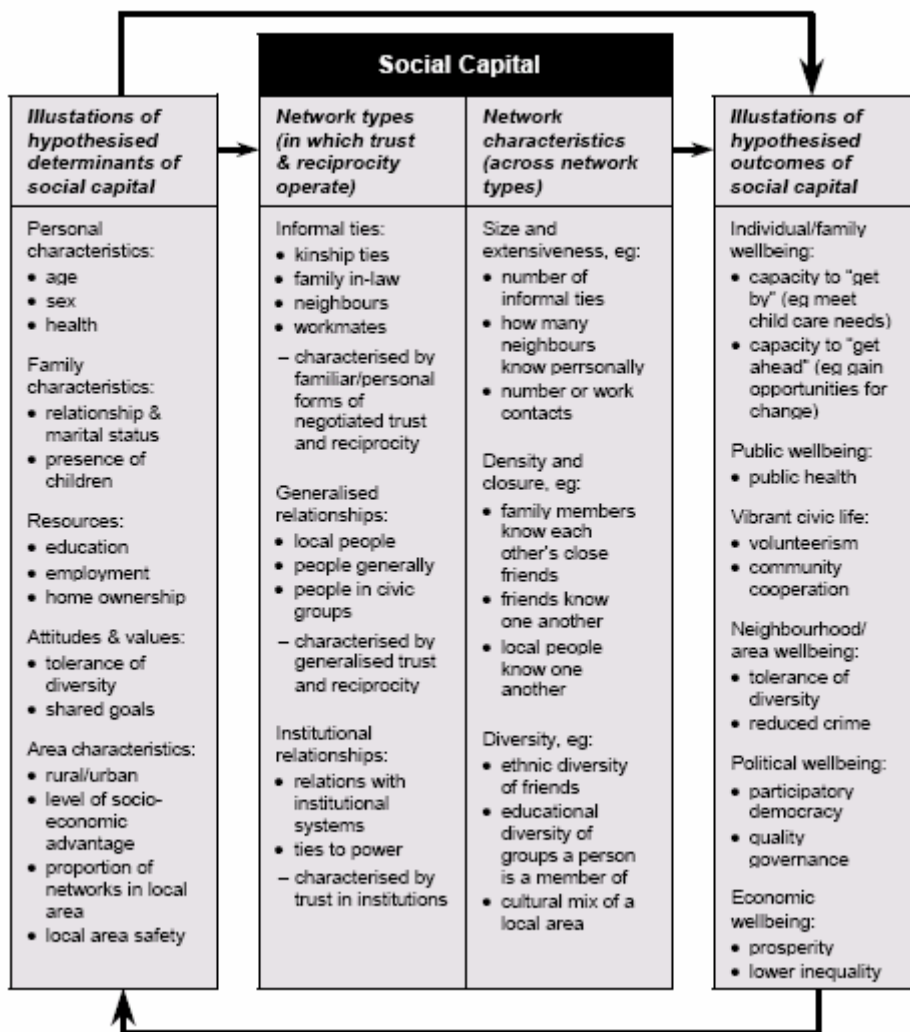
There has been increasing interest in the role that social capital might play in economic development driven, at least in part, by the failure of conventional economic theory to explain cross-country growth rates. At the micro level, proponents of the value of social capital would expect that communities with strong local networks, shared values and trust would outperform similar localities in which these did not exist or were weaker. Likewise, at the macro level, institutions such as the political environment are argued to have a critical effect on the rate and pattern of economic development. There is, however, likely to be a strong degree of complementarity between the differing levels of social capital, if it is accepted that strong macro institutions provide an enabling environment for the emergence of local associations.

Two further issues also merit attention. The first is the recognition that social capital may in fact have adverse effects, insofar as any community or group participation frequently demands conformity thereby restricting individual freedoms and creativity. As Portes (1998) observed, in some small villages and towns everyone knows each other and 'the level of social control in such settings is strong and also restrictive of personal freedoms, which is the reason why the young and the more

independent minded have always left'. Similarly, Woolcock (1998) suggests that strong, long-standing civic groups may inhibit individual economic advancement by placing heavy personal obligations on members that prevent them from participating in broader social networks.

Second, although much of the literature treats the determinants and outcomes of social capital as distinct phenomena, it is important to recognise that there are also interactions between them, as illustrated in Figure 1 below, which was originally devised by the Australia Institute for Family Studies and reproduced in Productivity Commission (op. cit.). Thus, in addition to the assertion that social capital accumulation will lead to economic development, it is also very likely that development will, in turn, increase social capital.

Figure 1 A conceptual framework of social capital



The results presented in this paper examine local level development issues and administrative competence and follow the tradition of Putnam's work (op. cit.) in certain respects, which examined the impact of the establishment of potentially powerful regional governments in Italy in the 1970s. His findings indicated that, in the South, where residents were not civic-minded, local governments were inefficient, lethargic and corrupt. This contrasted with the position in the North, where levels of civic and social engagement beyond the immediate family were higher and, in

consequence, local administrations were more successful in managing the public's business efficiently and in satisfying their constituents.

3. THE QUESTIONNAIRE SURVEY DESIGN

The questionnaire was directed at leading officials in gmina authorities under the presumption that such would be amongst the most knowledgeable about affairs within their communities. The aim of the exercise was to try to identify local area development needs and to ascertain what efforts were being undertaken by the local authorities and other relevant social actors to improve localities and in what ways. In approximately three-quarters of the gminas surveyed the respondent was the wójt and, in the remainder of cases, the answers were provided by the gmina secretary.

The sample

Gminas are categorised as being urban, rural or mixed, the latter of which are areas which contain at least one city but which also have significant rural hinterlands. It was therefore decided that the sample to be chosen should be stratified in line with the national distribution of authority types and, as can be seen from Table 1 below, this was achieved. Rural gminas clearly dominate and account for almost two-thirds of the total whereas less than 13 per cent are urban. The sample selection procedure provides for the examination of difference across authority classification and, where appropriate, it is highlighted in the results to follow.

Table 1 Sample distribution by type of gmina

TYPE OF GMINA	SAMPLE (%)	NATIONAL (%)
Rural	283 (65.4)	1,595 (64.1)
Mixed	97 (22.4)	576 (23.1)
Urban	53 (12.2)	318 (12.8)

In order to guarantee a satisfactory response rate, it was decided that the survey should be conducted by telephone and that the questionnaire should be largely structured rather than open-ended. As reported in Table 1, the final sample was composed of 433 gminas, which equates to 17.5 per cent of the total, with the fieldwork being conducted by SMG/KRC – Millward Brown Co. The questionnaire, the English translation of which is provided in the Appendix to the paper, covered the following development issues:

1. Location and links with regional centres.
2. Economic and social situation.
3. Financial position and development activities.
4. Conditions for entrepreneurship.
5. Cooperation with public and social actors.
6. National and supranational restructuring aid.

4. SURVEY RESULTS

Location and links with regional centres

As noted earlier, Polish space is delineated according to a hierarchy of spatial units. In particular, there are 16 NUTS 2 level voivodships, 379 NUTS 4 level powiats (65 with city status) and 2,478 NUTS 5 level gminas. It is the latter that are the focus of investigation in this paper. For a large number of economic, political and social reasons, the ease of access to central places can assume considerable importance for a gmina and its inhabitants and the first section of the questionnaire sought to establish measures of this factor that extend beyond simple geographic distances.

Tables 2a–2d provide information on the length of travel time to both the powiat and the voivodship capital, both by car and by public transport. In view of the emphasis placed on the poor infrastructure in Poland’s rural areas in the literature (Gorzalak, *op. cit.*), it was perhaps surprising to find that car travel times to the powiat capital did not exhibit more variation than they actually did. Indeed, slightly more rural than other authorities reported that the journey took less than thirty minutes, which might of course reflect congestion in non-countryside localities. As would be anticipated, mean travel times were longer by public transport, but the variation across types of authority was not great.

Table 2a *Travel time to powiat capital by car*

	RURAL (%)	MIXED (%)	URBAN (%)
≤ 30 minutes	267 (96.0)	89 (91.8)	48 (90.6)
> 30 mins ≤ 1 hour	11 (4.0)	8 (8.2)	90.6 (9.4)

Table 2b *Travel time to powiat capital by public transport*

	RURAL (%)	MIXED (%)	URBAN (%)
≤ 30 mins	181 (67.3)	61 (64.2)	36 (70.6)
> 30 mins ≤ 1 hour	80 (29.7)	34 (35.8)	12 (23.5)
> 1 hour	8 (3.0)	0 (0.0)	3 (5.9)

Travel times to the voivodship capital were more in line with expectations insofar as respondents from rural gminas reported proportionately more lengthy journeys, although the differences were once again not exceptional. Approximately half of the localities were said to be more than an hour from the capital when the journey was undertaken by car and over seventy per cent when public transport was used.

Table 2c *Travel time to voivodship capital by car*

	RURAL (%)	MIXED (%)	URBAN (%)
≤ 30 mins	34 (12.1)	10 (10.3)	8 (15.1)
> 30 mins ≤ 1 hour	95 (33.8)	38 (39.2)	21 (39.6)
> 1 hour	152 (54.1)	49 (50.5)	24 (45.3)

Table 2d Travel time to voivodship capital by public transport

	RURAL (%)	MIXED (%)	URBAN (%)
≤ 30 mins	16 (5.9)	7 (7.4)	5 (10.0)
> 30 mins ≤ 1 hour	47 (17.3)	16 (16.8)	10 (20.0)
> 1 hour	208 (76.8)	72 (75.8)	35 (70.0)

Economic and social situation

The respondents were asked to evaluate the severity of a number of potential economic and social problems in their areas on a scale of 1 to 5, with a value of 1 representing 'negligible' and 5 representing 'highly significant'. Table 3 presents the distributions of the results obtained across the three gmina types and, in the ensuing discussion of the findings, scores of 4 and 5 are taken to be indicative of problems that are perceived to be of major concern.

Unemployment is clearly viewed as a serious problem as it was awarded a score of 4 or 5 by over seventy per cent of those interviewed. This finding is not surprising given that the national unemployment rate has been hovering around twenty per cent for some time and in some powiats it is more than twice that figure (GUS, 2005). Joblessness was held to be imperceptible in only five areas, none of which were urban. A second, related area of concern is that of poverty, which attracted a score of four or more from over half of the respondents. It is noteworthy that there is little difference in the acuteness of this problem across the authority types. In the light of the findings on unemployment and poverty, it is perhaps surprising that crime was not regarded as a major problem in most areas. In contrast, alcoholism is viewed as a serious concern in more than one-quarter of rural gminas, although its significance is much lower elsewhere.

The questions seeking to establish information on the resource endowments of the gminas elicited a mix of responses. The qualifications of local administrators were not seen to be a major problem in most authorities, although it was somewhat more of an issue in rural areas than elsewhere. On the other hand, the qualifications of councillors were viewed less favourably, with over one-fifth of respondents believing that these were of a low standard. Perhaps reflecting the many years over which EU pre-accession aid was made available to Poland, rather few felt disadvantaged by

inadequate knowledge about European funding programmes, although, perhaps surprisingly, it was more of an issue in urban areas than in others.

A series of the questions sought to establish the character of the local agricultural sector, given that, measured on a national scale at least, the size and largely unstructured nature of such activity represents Poland's biggest remaining transition challenge (Ingham and Ingham, 2004). Predictably, the issues raised were of almost no concern in urban areas, but were significant in both rural and mixed gminas. Thus, almost forty per cent of those questioned in rural gminas were of the opinion that agriculture in their locality was not sufficiently market oriented, with the corresponding figure for the mixed authorities being six percentage points lower. More than one-third of the respondents in rural gminas identified hidden unemployment in farming as a serious problem, which was again slightly higher than the figure recorded in mixed gminas. As expected, more than half of those responding to the question highlighted the problem of small fragmented farms, a structural characteristic of the sector that has received much attention in the literature.² Overall, only slightly fewer gminas identified the problem of out-dated farming methods, although the figure was some ten percentage points lower for the mixed than the rural gminas. It is indicative of the nature of the task confronting agricultural and rural development policy that approximately thirty per cent of respondents cited farmers' resistance to modern farming techniques as a difficulty within their area.

Table 3 Economic and social conditions

PROBLEM	RURAL					MIXED					URBAN				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Unemployment (432)	4 (1.4)	23 (8.2)	57 (20.2)	101 (35.8)	97 (34.4)	1 (1.0)	5 (5.2)	20 (20.6)	23 (23.7)	48 (49.4)	0 (0)	1 (1.9)	10 (18.9)	17 (32.1)	25 (47.2)
Poverty (430)	5 (1.8)	33 (11.7)	87 (31.0)	103 (36.7)	53 (18.9)	1 (1)	7 (7.3)	31 (32.3)	34 (35.4)	23 (24)	0 (0)	3 (5.7)	21 (39.6)	19 (35.8)	10 (18.9)
Crime (430)	42 (14.9)	140 (49.8)	70 (24.9)	24 (8.5)	5 (1.8)	13 (13.5)	36 (37.5)	37 (38.5)	7 (7.3)	3 (3.1)	3 (5.7)	30 (56.6)	13 (24.5)	5 (9.4)	2 (3.8)
Alcoholism (430)	9 (3.2)	87 (31)	111 (39.5)	59 (21)	15 (5.3)	6 (6.3)	28 (29.2)	48 (50)	12 (12.5)	2 (2.1)	4 (7.5)	17 (32.1)	23 (43.4)	8 (15.1)	1 (1.9)
Low qualifications of local administrators (430)	55 (19.6)	107 (38.1)	74 (26.3)	42 (14.9)	3 (1.1)	30 (31.3)	35 (36.5)	22 (22.9)	9 (9.4)	0 (0)	19 (35.8)	20 (37.7)	8 (15.1)	5 (9.4)	1 (1.9)
Low qualifications of gmina councillors (430)	35 (12.5)	81 (28.8)	103 (36.7)	53 (18.9)	9 (3.2)	20 (20.8)	18 (18.8)	38 (39.6)	16 (16.7)	4 (4.2)	12 (22.6)	15 (28.3)	15 (28.3)	10 (18.9)	1 (1.9)
Inadequate knowledge of European programmes (429)	48 (17.1)	102 (36.3)	89 (31.7)	39 (13.9)	3 (1.1)	28 (29.2)	24 (25.0)	30 (31.3)	10 (10.4)	4 (4.2)	13 (25)	16 (30.8)	13 (25)	10 (19.2)	0 (0)
Lack of market oriented farming (377)	23 (8.2)	52 (18.6)	99 (35.4)	76 (27.1)	30 (10.7)	11 (11.5)	29 (30.2)	26 (27.1)	24 (25)	6 (6.3)	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)

Table 3 (cont'd) Economic and social conditions

Hidden unemployment in agriculture (378)	32 (11.4)	69 (24.6)	78 (27.8)	80 (28.5)	22 (7.8)	16 (16.7)	19 (19.8)	34 (35.4)	23 (24)	4 (4.2)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)
Fragmented, small farms (378)	20 (7.1)	40 (14.2)	58 (20.6)	96 (34.2)	67 (23.8)	9 (9.4)	17 (17.7)	28 (29.2)	25 (26)	17 (17.7)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)
Out-dated farming methods (376)	7 (2.5)	39 (30)	84 (30)	107 (38.2)	43 (15.4)	5 (5.2)	14 (14.6)	39 (40.6)	23 (24)	15 (15.6)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Farmers unwilling to adopt modern methods (377)	16 (5.7)	22 (25.6)	105 (37.4)	72 (25.6)	16 (5.7)	5 (5.2)	31 (32.3)	34 (35.4)	22 (23.4)	4 (4.2)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Low community engagement (430)	16 (5.7)	66 (23.5)	18 (42)	70 (24.9)	11 (3.9)	6 (6.3)	22 (22.9)	39 (40.6)	23 (24)	6 (6.3)	5 (9.4)	11 (20.8)	22 (41.5)	13 (24.5)	2 (3.8)
Inert attitude of residents (430)	9 (3.2)	54 (19.2)	99 (35.2)	91 (32.4)	28 (10)	4 (4.2)	12 (12.5)	38 (39.6)	29 (30.2)	13 (13.5)	2 (3.8)	8 (15.1)	16 (30.2)	24 (45.3)	3 (5.7)
Lack of trust & cooperation (429)	114 (40.6)	105 (37.4)	44 (15.7)	14 (5)	4 (1.4)	44 (45.8)	30 (31.3)	13 (13.5)	9 (9.4)	0 (0)	26 (50)	14 (26.9)	9 (17.3)	3 (5.8)	0 (0)
Low level of education (403)	90 (34.7)	103 (39.8)	45 (17.4)	20 (7.7)	1 (0.4)	37 (39.8)	34 (36.6)	14 (15.1)	8 (8.6)	0 (0)	23 (45.1)	13 (25.5)	11 (21.6)	4 (7.8)	0 (0)
Poor access to communication networks (428)	64 (22.8)	119 (42.3)	74 (26.3)	19 (6.8)	5 (1.8)	28 (29.8)	40 (42.6)	20 (21.3)	6 (6.4)	0 (0)	18 (34)	20 (37.7)	10 (18.9)	5 (9.4)	0 (0)

Table 3 (cont'd) Economic and social conditions

Poor local infrastructure (429)	63 (22.3)	90 (31.9)	57 (20.2)	49 (17.4)	23 (8.2)	29 (30.9)	25 (26.6)	13 (13.8)	17 (18.1)	10 (10.6)	19 (35.8)	13 (24.5)	8 (15.1)	11 (20.8)	2 (3.8)
Bad quality local infrastructure (403)	30 (11.6)	97 (37.5)	81 (31.3)	39 (15.1)	12 (4.6)	10 (10.8)	34 (36.6)	30 (32.2)	14 (15.1)	5 (5.4)	8 (15.7)	15 (29.4)	19 (37.3)	5 (9.8)	4 (7.8)

Notes:

1. Figures in parentheses in column 1 relate to the number of responses.
2. Figures in parentheses in columns 2-16 are percentages.

The survey included four questions that attempted to gain further insights into the prevailing level of social capital within and across gminas. Low levels of community engagement were reported by about thirty per cent of respondents and, somewhat unexpectedly, there was little variation across authority types on this score. Local inertia was perceived to be an even more widespread characteristic and, although the differences were not unduly large, this was seen as most troublesome of all in urban areas, which was not unexpected. On the other hand, less than ten per cent of those questioned saw lack of trust and co-operation to be a serious issue in their area. Education is often taken as a proxy for social capital (Productivity Commission, *op. cit.*), but low levels of attainment were also not widely seen as a serious concern. While this may seem surprising in view of the widely recognised inequality of educational opportunity between rural and urban areas in Poland (Ingham and Ingham, 2004), it must also be recognised that levels of basic schooling recorded in the ex-communist transition states are high, at least in a European context (Ingham, Ingham, Bıçak and Altınay, 2005).

Access to communication networks was not considered to be a major problem, with fewer than ten per cent of the gminas surveyed awarding it a score of 4 or 5. Poor local infrastructure was, however, regarded as a weakness in about one-quarter of the areas assessed, with the problem being identified as often in urban gminas as often as in rural localities. In terms of the quality of local infrastructure there was, once again, no obvious rural-urban divide with approximately twenty per cent of those interviewed citing this as a serious problem.

Major Development Issues

To complement the directed overview of prevailing economic and social concerns, respondents were also asked to list what they saw to be the three most pressing development problems in their area, as well as its three most important advantages. The findings from this open-ended enquiry are presented in Tables 4a-4d below. In terms of the problems cited, only two – unemployment and finance – were mentioned frequently. In line with the results above, the former concern was the most serious for the mixed and urban gminas, followed by finance. In the rural gminas the situation is reversed, with twice as many gminas placing finance problems ahead of unemployment. This latter finding may be a reflection of the fact that hidden unemployment in the countryside, usually in farming, continues to depress open jobless rates (Ingham, Ingham and Herbst, 2005).

There was also a marked bunching of responses in terms of perceived development advantages. Nearly fifty per cent of the rural areas cited the environment as one of their major assets. Urban gminas, on the other hand, placed more emphasis on their favourable location as an advantage. About thirty per cent of authorities of all types felt that their tourist attractions conferred a development advantage, although the evidence strongly suggests that these are under-exploited (Ingham and Ingham, 2005).

Table 4a Most pressing development problem

PROBLEM	N	RURAL (%)	MIXED (%)	URBAN (%)
Unemployment	78	39 (13.8)	27 (28.1)	12 (23.1)
Finance	112	82 (29.0)	21 (21.9)	9 (17.3)
Poor infrastructure	23	14 (4.9)	6 (6.3)	3 (5.8)
Lack of interest from investors	23	15 (5.3)	5 (5.2)	3 (5.8)
Poor condition of roads	26	16 (5.7)	8 (8.3)	2 (3.8)
Unattractive location	24	17 (6.0)	4 (4.2)	3 (5.8)

Table 4b 2nd most pressing development problem

PROBLEM	N	RURAL (%)	MIXED (%)	URBAN (%)
Unemployment	30	11 (4.3)	14 (15.4)	5 (10.2)
Finance	56	36 (14.0)	11 (12.1)	9 (18.4)
Poor infrastructure	30	19 (7.4)	8 (8.8)	3 (6.1)
Lack of interest from investors	22	8 (3.1)	10 (11.0)	4 (8.2)
Poor condition of roads	30	23 (8.9)	7 (7.7)	0 (0)
Fragmented farmland/poor soil	23	21 (8.1)	1 (1.1)	1 (2.0)
Unattractive location	25	18 (7.0)	6 (6.6)	1 (2.0)

Table 4c 3rd most pressing development problem

PROBLEM	N	RURAL (%)	MIXED (%)	URBAN (%)
Unemployment	31	18 (18.7)	10 (12.5)	3 (7.3)
Finance	43	24 (11.6)	15 (18.8)	4 (9.8)
Social passiveness	35	25 (12.1)	6 (7.5)	4 (9.8)

Table 4d Most important development advantage

ADVANTAGE	N	RURAL (%)	MIXED (%)	URBAN (%)
Beautiful environment	78	58 (20.8)	14 (14.6)	6 (11.5)
Favourable location	92	54 (19.4)	19 (19.8)	19 (36.5)
Good infrastructure	30	23 (8.2)	5 (5.2)	2 (3.8)
Tourist attractions	45	26 (9.3)	13 (13.5)	6 (11.5)
Good roads	40	23 (8.2)	12 (12.5)	5 (9.6)

Table 4e 2nd most important development advantage

ADVANTAGE	N	RURAL (%)	MIXED (%)	URBAN (%)
Beautiful environment	66	44 (16.9)	11 (12.1)	11 (21.1)
Favourable location	27	17 (6.5)	6 (6.6)	4 (7.7)
Good infrastructure	25	15 (5.7)	5 (5.5)	5 (9.6)
Tourist attractions	43	30 (11.5)	7 (7.7)	6 (11.5)
Good roads	45	25 (9.6)	14 (15.4)	6 (11.5)
Good soils/farming potential	24	17 (6.5)	6 (6.6)	1 (1.9)
Diligence of inhabitants	29	20 (7.7)	7 (7.7)	2 (3.8)

Table 4f 3rd most important development advantage

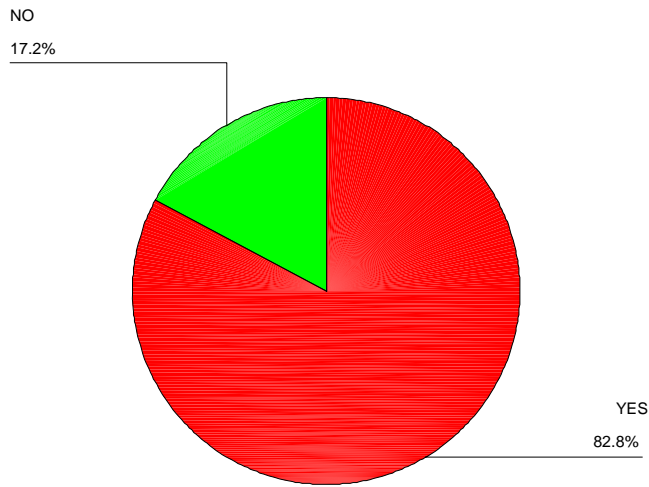
ADVANTAGE	N	RURAL (%)	MIXED (%)	URBAN (%)
Beautiful environment	37	27 (12.9)	9 (11.1)	1 (2.5)
Good infrastructure	28	21 (10)	4 (4.9)	3 (7.5)
Tourist attractions	31	20 (9.6)	7 (8.6)	4 (10.0)
Diligence of inhabitants	27	17 (8.1)	6 (7.4)	4 (10.0)

State farms

One of the peculiar features of the Polish state socialist era was the existence of a large number of small private farms that occupied a sizeable proportion of the workforce. Nevertheless, large state sector farms were created and, following their dissolution in early 1990s, the areas in which they were most heavily concentrated are still plagued with high levels of unemployment (Ingham and Ingham, 2005a). Co-operative farming enterprises also produced but, to all intents and purposes, these were state undertakings. In addition, the state sometimes operated agricultural production on land that it did not own. In view of this, respondents from rural and mixed gminas were asked to provide information on any state farming activity that previously took place within their territories. The responses are depicted in Figures 2a-2d below.

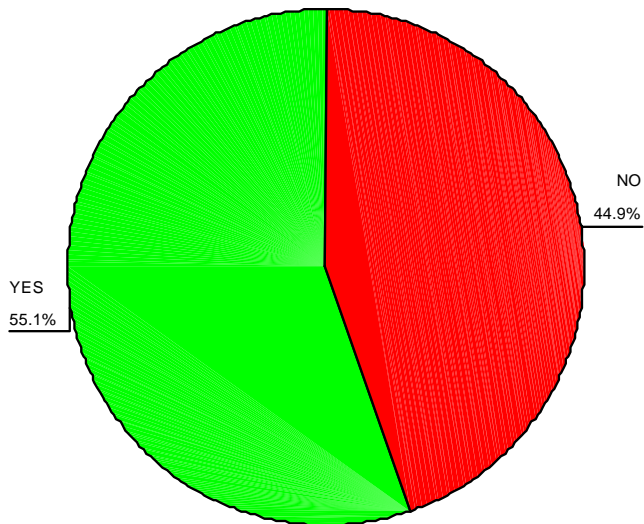
As shown in Figure 2a, the majority of the gminas did in fact house some form of state farming activity. Figure 2b indicates, however, that in only just over half of them did this take the form of pure state farms, with Figure 2c showing the majority of the rest to have been co-operatives. Finally, Figure 2d reveals state farming on non-state land to have been a relatively isolated phenomenon.

Figure 2a Were there state farms of any form in the gmina prior to 1990?



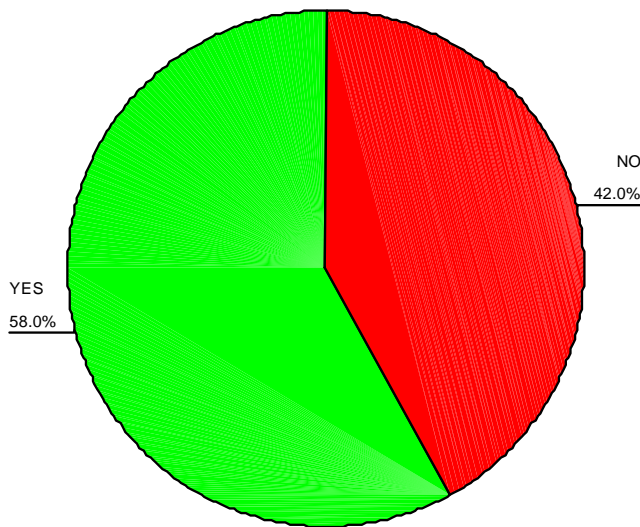
Note:
No – 65 (58 Rural, 7 Mixed), Yes – 314 (224 Rural, 90 Mixed).

Figure 2b Were there any pure state farms in the gmina prior to 1990?



Note:
No – 170 (142 Rural, 28 Mixed), Yes – 209 (140 Rural, 69 Mixed).

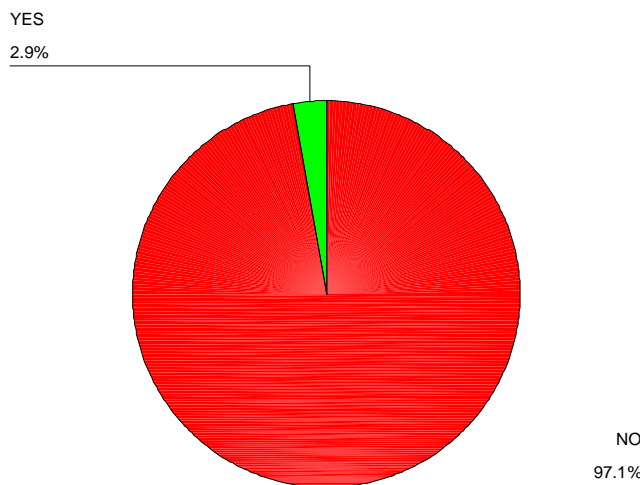
Figure 2c Were there cooperative farms in the gmina prior to 1990?



Note:

No – 159 (129 Rural, 30 Mixed), Yes – 220 (153 Rural, 67 Mixed).

Figure 2d Did the state farm on non-state land in the gmina prior to 1990?



Note:

No – 368 (272 Rural, 96 Mixed), Yes – 11 (10 Rural, 1 Mixed).

Respondents were asked about the subsequent labour market fortunes of their residents who had been employed on the state farms: in particular, they were asked to estimate what percentage of those individuals were still unemployed, categorised by farm size. For the pure rural gminas in the sample, Figure 3a highlights the fact that the greater the size of the local state farming population, the more acute has been the subsequent problem of assimilating them into the wider labour market. Thus, while 22 per cent of respondents with fewer than 500 such workers indicated that more than two-thirds remained unemployed, this figure rose to 35 per cent in areas with between

500 and 1,000 ex-state farm employees and to 62 per cent in areas with more than 1,000. This is indicative of the problems that can arise in areas where a state enterprise once dominated the local labour market.

Figure 3a Unemployed ex-state farm workers by farm size – rural gminas

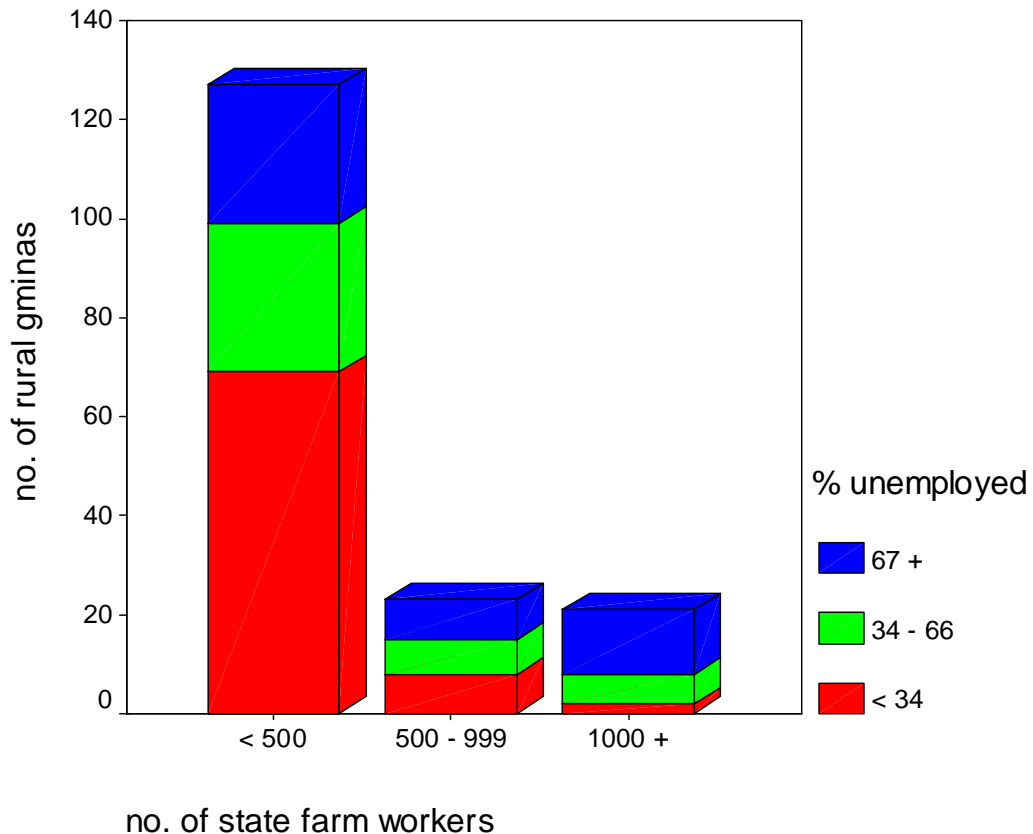
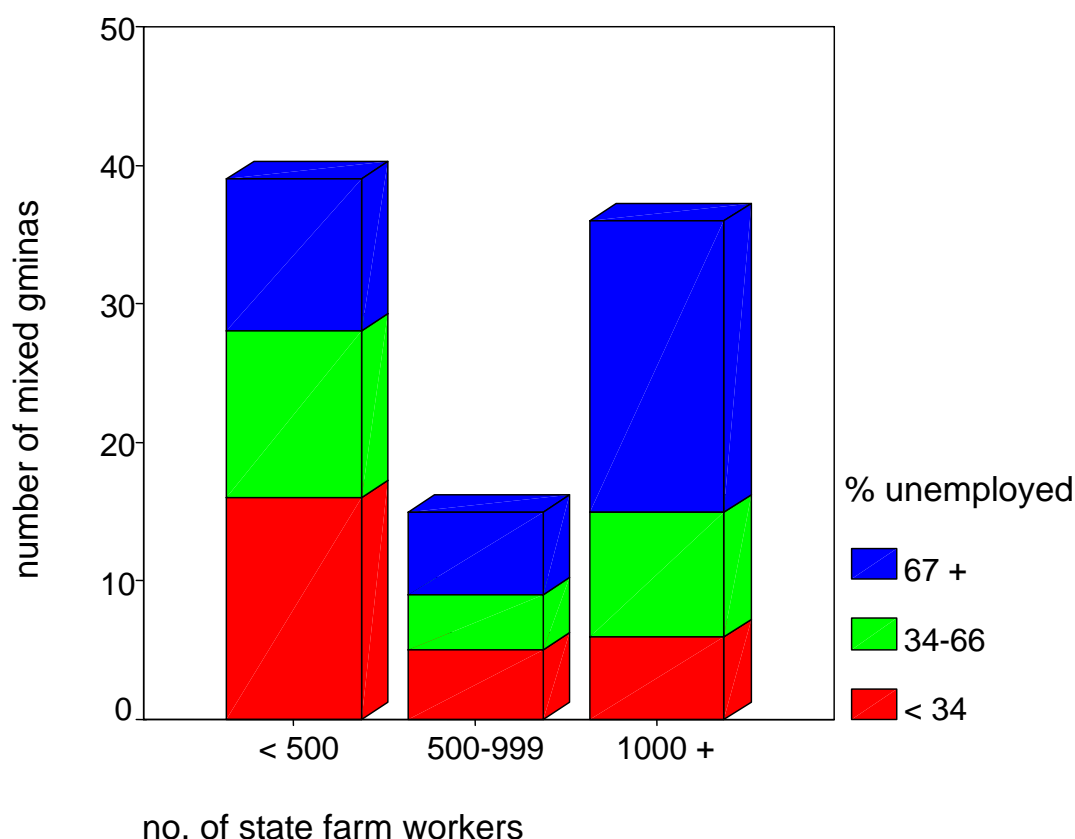


Figure 3b reveals that the situation in mixed gminas is similar to that in rural areas insofar as very high unemployment percentages are associated with larger state farming populations (12.5 v 36 v 50%). The overall conclusion, however, is that the state farms left behind a very large class of individuals who apparently have extremely tenuous connections with the labour market. This issue is a major concern within Poland, given that such workers are typically low skilled, of low economic and social status, and live in settlements that are detached from their local communities: in short, all the characteristics of an excluded group.

Figure 3b Unemployed ex-state farm workers by farm size – mixed gminas



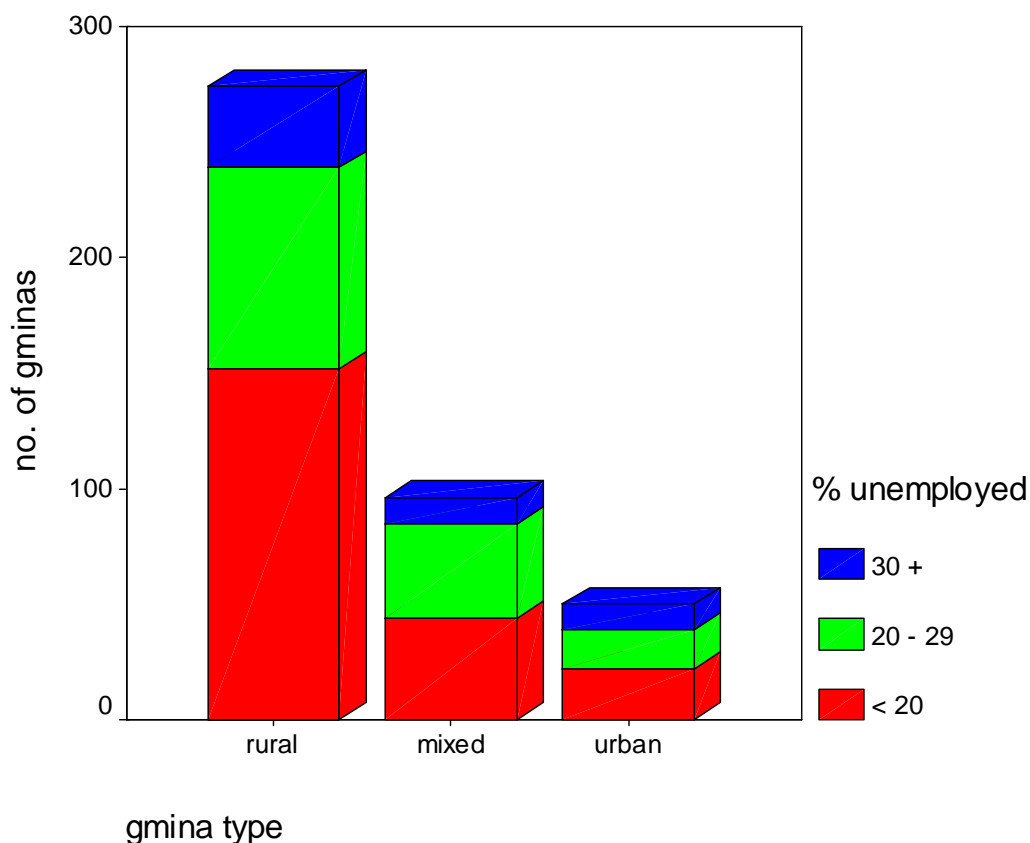
Unemployment rates

The European Council held at Lisbon in March 2000 set a formal agenda for the EU that had full employment at its core. However that concept might be defined, it represented a stern challenge at the time and the chances of its achievement were weakened by a series of disruptive global events in the ensuing years. The enlargement of 2004 merely compounded the difficulties. Poland has some of the most glaring labour market problems amongst the New Member States, including the highest unemployment rate, which stood at 18.8 per cent in 2004 (Ingham, Ingham, Bıçak and Altınay, 2005). Nevertheless, there is considerable variation around the national figure, with the situation at the powiat level, the lowest level of disaggregation for which data is available, being explored in Ingham, Ingham and Herbst (2005). It was therefore adjudged important to attempt to calibrate the situation at the level of the gmina.

As shown in Figure 4, while the majority of communities have unemployment rates of less than twenty per cent, a significant minority were assessed by the respondents to have even more severe problems. Thus, approximately one-in-eight rural and mixed gminas have jobless rates that exceed thirty per cent, a figure that grows to over one-fifth in the case of urban localities. As indicated above, this particular ordering can be seen to have its roots in the extent of hidden unemployment in the farming sector, particularly as highest proportion of relatively low unemployment rates are to be found in the rural gminas surveyed. It is perhaps worth

noting at this stage that these estimates do not appear to be inflated, given the official statistics for the powiats (*ibid.*).

Figure 4 Estimated unemployment rates by gmina type



Youth unemployment

The plight of young workers in the labour market has been an object of concern for the European Employment Strategy from the outset and, along with obstinately high overall unemployment, Poland also has the highest youth unemployment (15-24 years of age) rate of all EU Member States. According to the Labour Force Survey (LFS), this approached forty per cent in 2004 and, whether LFS or registration data are utilised, this amounts to around one-quarter of the total unemployment stock (GUS, 2005a, b). The data also allows the national figure to be disaggregated according to place of residence, with the figures being 31 per cent for rural localities and 24 per cent for urban areas (GUS, 2005b). Those interviewed were therefore asked to estimate what proportion of the unemployed in their gminas were youths.

Unfortunately, only 211 respondents felt themselves to be in a position to answer the question and no-one from the urban areas was able to do so. Of those providing estimates, 149 were from rural localities and the remainder from mixed gminas. As shown in Figures 4a and 4b below, over one-third of both categories believed young people accounted for more than half of the local unemployment stock, figures that are once again not inconsistent with the evidence from powiats

(Czyżewski, Ingham and Ingham, 2004). However, at the other end of the spectrum, forty per cent believed it to be less than one-quarter.

Figure 5a The proportion of the unemployed aged 15-24 – rural gminas

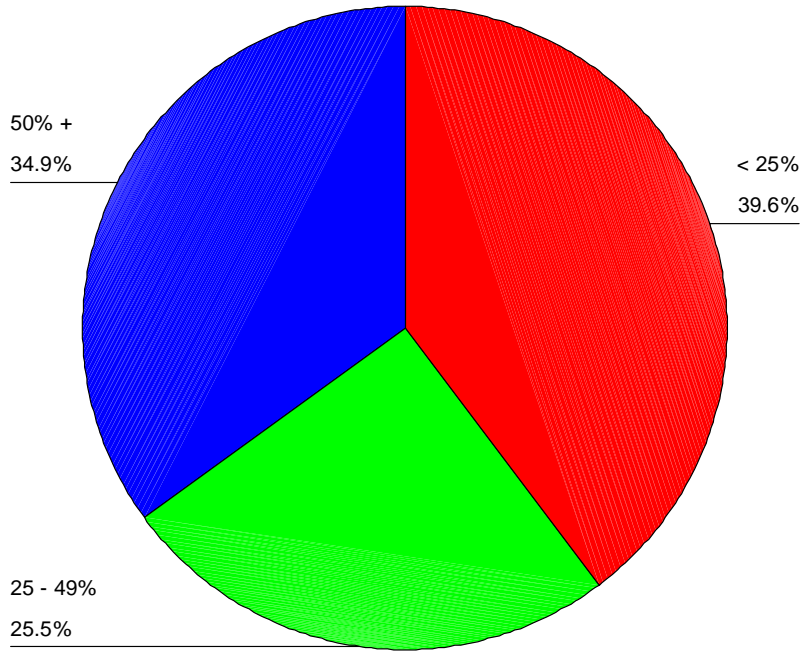
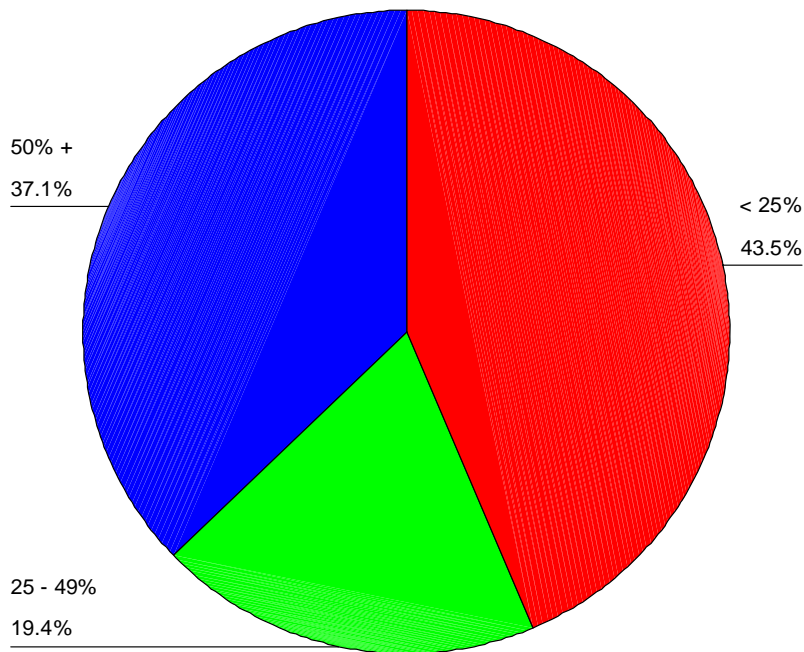


Figure 5b The proportion of the unemployed aged 15-24 – mixed gminas

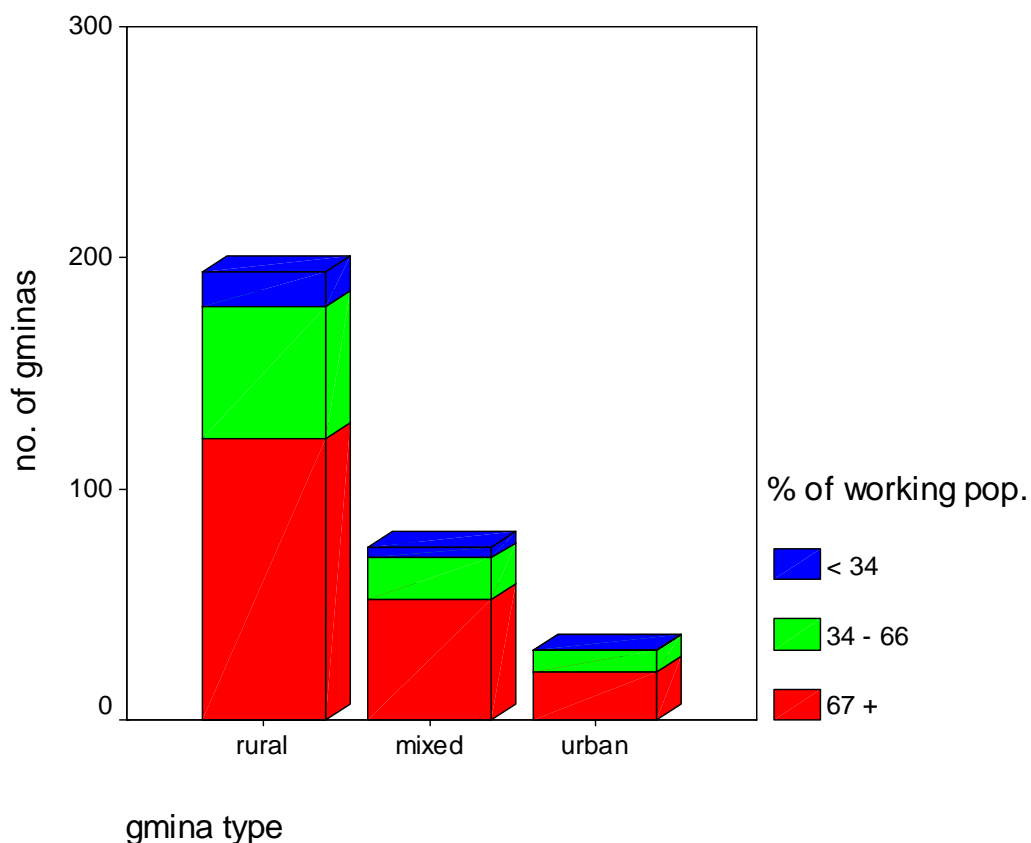


Undeclared work

The size of the informal economy in the New Member States of the EU remains a major policy concern (European Commission, 2004) and is in clear violation of the precepts of the European Employment Strategy (European Commission, 2005). In the case of Poland, undeclared work in 2003 was estimated to be worth fourteen per cent of GDP (European Commission, 2004). While it has been viewed as a survival strategy in the transition economies, once they embarked on paths of consistent growth, its budgetary implications and basic iniquity became matters of concern. In view of this, respondents were asked what proportion of their working populations they believed to be operating in the grey economy.

The results are reported in Figure 5 below. In placing interpretation on the data, it must be noted that they relate to all embraces of the informal economy and are not restricted simply to those for whom it is a full-time activity. While the differences between authority types are not great, it is clear that the phenomenon is most prevalent in rural areas of the country. This result is as might be expected given the difficulties highlighted above for ex-state farm employees and young people in such localities.

Figure 6 Percentage of the working population on the grey economy by gmina type



Benefit dependency

The European Employment Strategy includes ambitious targets for EU labour markets, including an overall employment rate of seventy per cent and one of sixty

per cent for women, both of which are to be achieved by 2010. In the race to counteract the impacts of a rapidly ageing population, it also calls for an employment rate for older workers (55-64) of fifty per cent by the same year. Poland, now the EU's sixth largest Member State, falls woefully short of the ambitions on all three of these counts and the position has been getting gradually worse (Ingham, Ingham, Bıçak and Altınay, 2005; Ingham and Ingham, 2003). One of the reasons for this, but by no means the only one, lies in the benefit and welfare systems operated in the transition economies since the onset of transition. These were designed more with a view to cushioning the social costs of restructuring than to ensuring that the individuals so affected maintained close connections to the labour market. Poland was no exception and offered the usual mix of lax early retirement and disability pension schemes and social benefit allowances. This has been exacerbated by the generous entitlements of KRUS, the farmers' pension scheme (Ingham and Ingham, 2004). The outcome has been that the country has the highest dependency rate of all eight post-communist states that entered the EU in 2004 (Ingham, Ingham, Bıçak and Altınay, 2005; Ingham and Ingham, 2003).

In view of this, those interviewed were asked to estimate what proportion of their gmina residents relied on either a social or disability annuity as their major source of income. Populations in which less than ten per cent relied on such benefits were in the minority in all three types of authority, although the situation is clearly most serious in urban areas, with one in three reliant on such aid in one-third of cases. While the figures in all areas may seem high, two potential justifications are readily adduced. First, it must be recalled that Poland has an extremely high unemployment rate. Second, the country's benefit system has often been criticised for its poor targeting (e.g. Paci *et al.*, 2004). The latter does, however, mean that the survey question may not have elicited responses that are particularly good poverty indicators.

Figure 7a Percentage of gmina residents living primarily on disability/social annuities – rural gminas

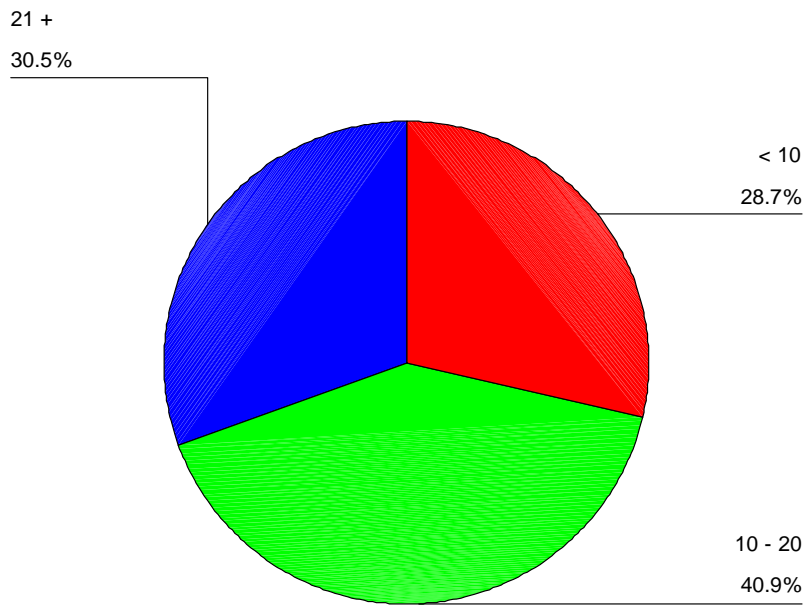


Figure 7b Percentage of gmina residents living primarily on disability/social annuities – mixed gminas

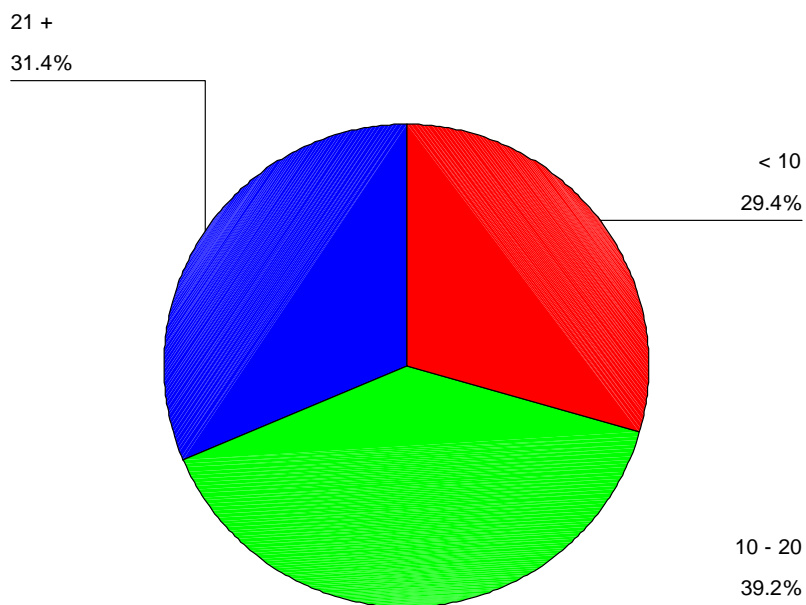
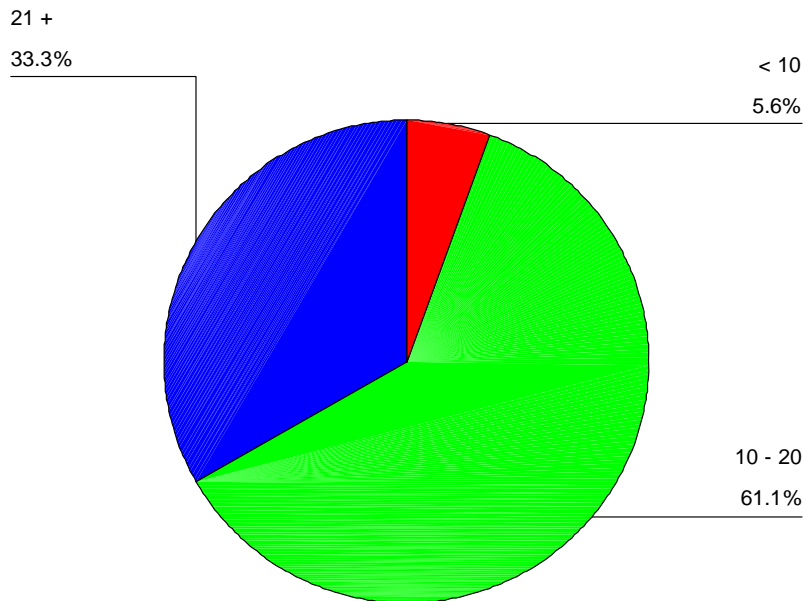


Figure 7c Percentage of gmina residents living primarily on disability/social annuities – urban gminas



Contemporary agriculture

The final two questions in the first substantive section of the questionnaire concerned the current position of farming. First, the respondents were asked how competitive they felt their area's agricultural produce to be vis-à-vis that from other EU Member States. The results, which are presented in Figure 7, reveal a high degree of optimism, with the majority of those interviewed claiming that at least some, if not most, of their farm products could withstand the competitive pressure within the Union. In line with these predictions, Table 8 shows that over one-third of respondents felt that agriculture production within their area had increased since accession. However, half believed that it had not changed, which is perhaps to be expected insofar as free trade in agriculture for the new members pre-dated their formal entry into the EU. In only eleven per cent of cases was any decline in output mentioned.

Figure 7 *Are products from local farms competitive with EU products?*

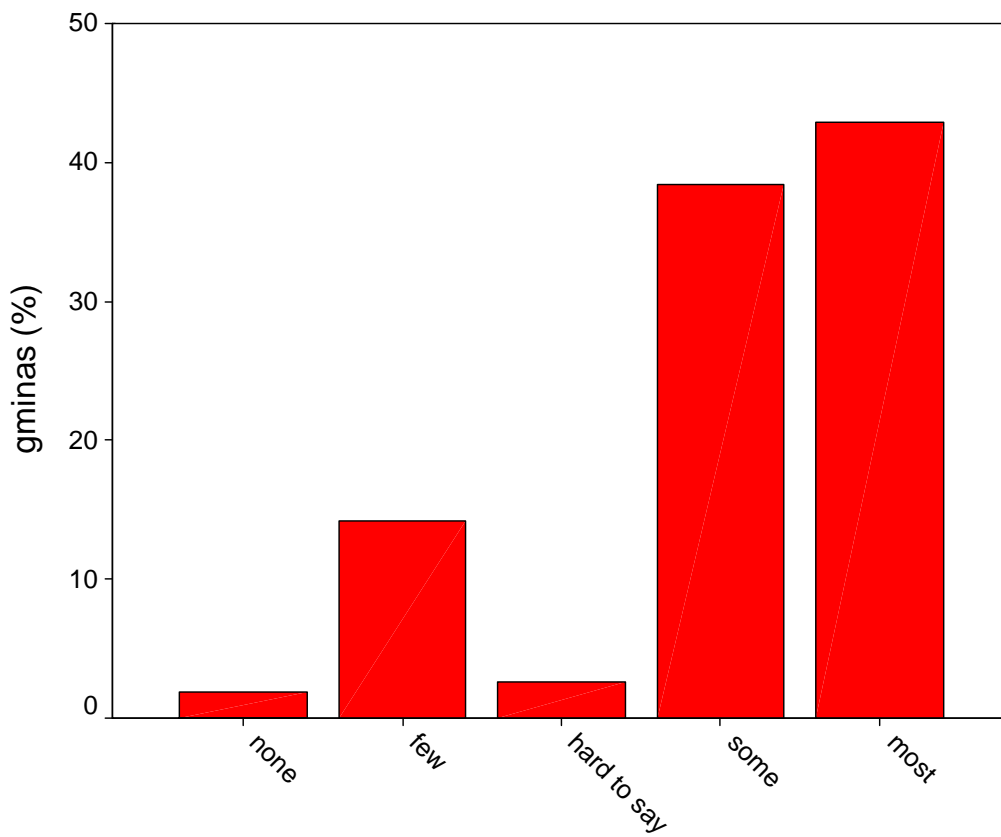
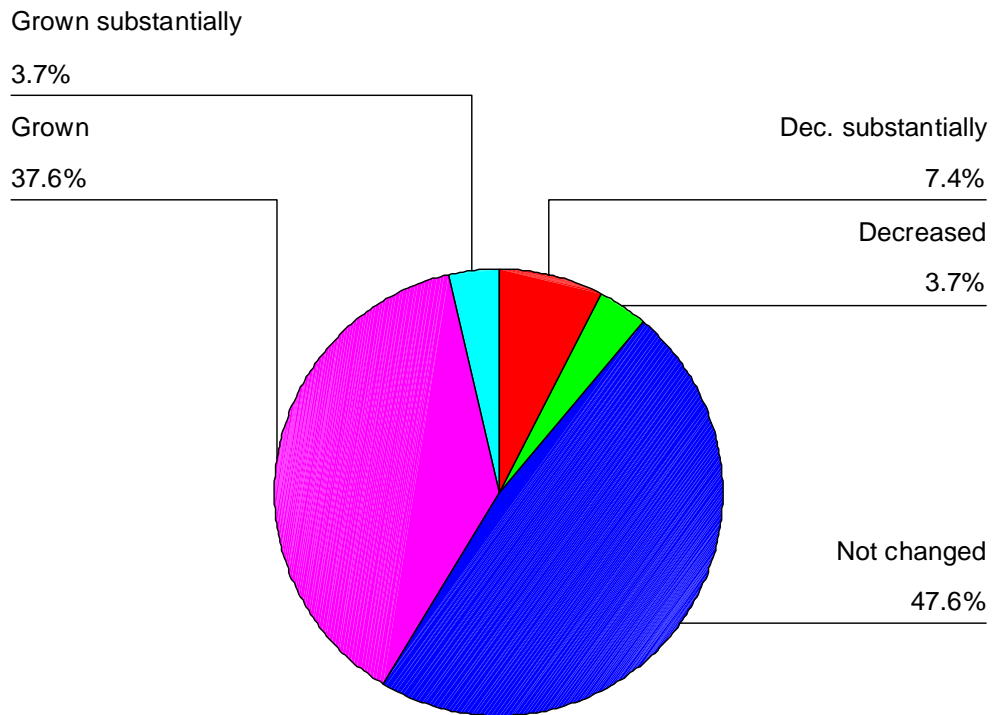


Figure 8 *Impact of EU accession on farm production levels*



Financial position and development activities

Development can come about through a variety of channels, although almost invariably it will require at least some local involvement and financing. Those surveyed were therefore asked additional questions about the financial capability of their gminas. The results given in Table 4 indicate a clear difference between the rural authorities and others, with a quarter of the former being felt to have a weak financial position compared to one-sixth for the mixed and one-tenth for the urban authorities. This finding was mirrored at the other end of the hierarchy, with the rural gminas having the lowest proportion of respondents believing that the financial position was good, while the highest figure of forty per cent was found in the mixed communities.

Table 4 *Gmina's financial position*

	RURAL (%)	MIXED (%)	URBAN (%)
Weak/Very Weak	70 (24.9)	17 (17.7)	5 (9.4)
Average	128 (45.6)	39 (40.6)	30 (56.6)
Good/Very Good	83 (29.5)	40 (41.7)	18 (34.0)

More information on the financial position of the gminas was provided through a question asking respondents to provide information on the size of their authority's debt as a proportion of its total budget. The answers this elicited indicate that there is little difference between the types of locality on this score, with the vast majority of those answering revealing a figure of less than twenty-five per cent. Very few gminas were reported to have debts that accounted for more than fifty per cent of the total budget.

Table 5 *Gmina debt as a percentage of budget*

%	RURAL (%)	MIXED (%)	URBAN (%)
0-24	212 (76.0)	67 (69.1)	39 (75.0)
25-49	50 (17.9)	23 (23.7)	8 (15.4)
50-74	5 (1.8)	2 (2.1)	3 (5.8)
75+	12 (4.3)	5 (5.2)	2 (3.8)

Improving the gmina's finances

Those surveyed were also asked what they believed would be the best three ways to improve their gmina's finances. From the responses detailed in Table 6, it is clear that most looked to external interventions to achieve this. The attraction of external investment was viewed as most effective, although this might of course involve the authority in developing the means to bring this about. Urban and mixed gminas cited an increased share of personal and company income taxes as their next choice, although this was supplanted by the more vague option of increasing state subsidies in rural areas. This latter route was ranked third by the mixed and urban gminas. Internal avenues, such as taxing farmers, improving rates of tax extraction or the gmina's administration and stimulating local initiatives received rather limited support.

Table 6 Best ways to improve gminas' financial situation

	RURAL (%)	MIXED (%)	URBAN (%)
Increase State subsidies	194 (68.6)	55 (56.7)	24 (45.3)
Level PIT on farmers' income	9 (3.2)	3 (3.1)	1 (1.9)
Improve tax extraction	58 (20.5)	22 (22.7)	11 (20.8)
Increase gmina shares of CIT & PIT	148 (52.3)	57 (58.8)	36 (67.9)
Improve gmina administration	5 (1.8)	4 (4.1)	3 (5.7)
Transfer part of powiat finance to gminas	117 (41.3)	45 (46.5)	15 (28.3)
Stimulate local initiatives	68 (24.0)	19 (19.6)	16 (30.2)
Attract external investors	205 (72.4)	71 (73.2)	44 (83.0)

Expenditure preferences

Respondents were asked to state their two most preferred options for spending any large surplus accrued by their gmina. Not unnaturally, as Table 7 shows, there was widespread agreement that it should be applied to communal investments, with expenditure on education everywhere appearing as the second priority. Tellingly, however, this latter option was seen as significantly more important in rural areas, where educational provision is normally assessed to be weakest, than elsewhere. On the other hand, even though the poverty headcount stands at fifteen per cent of the population and has risen in recent years (Paci *et al.*, 2004), rather small proportions of the respondents thought that expenditure on direct help to the poor should be prioritised. Indeed, in mixed and urban areas it was seen as less important than construction and, in both rural and urban communities, as less pressing than promoting the gmina. However, to the extent than any of these other activities help to

promote growth, this can assist in poverty reduction (*ibid.*). Finally, improving public security attracted a reasonable degree of support in urban areas.

Table 7 Preferred means of spending gmina reserves

	RURAL (%)	MIXED (%)	URBAN (%)
Direct help to the poor	57 (20.1)	18 (18.6)	9 (17.0)
Education	208 (73.5)	58 (59.8)	26 (49.1)
Social services	33 (11.7)	12 (12.4)	3 (5.7)
Construction	43 (15.2)	35 (36.1)	18 (34.0)
Communal investments	258 (91.2)	85 (87.6)	47 (88.7)
Promoting the gmina	59 (20.8)	16 (16.5)	15 (28.3)
Culture	36 (12.7)	9 (9.3)	9 (17.0)
Repaying gmina debt	56 (19.8)	23 (23.7)	6 (11.3)
Public security	45 (15.9)	10 (10.3)	13 (24.5)

Gmina officials in rural and mixed localities were also asked to identify the two areas that they felt were the most important for development, as well as the two least important. The responses are illustrated in Figures 9 and 10 below. The top choice was to provide non-farm employment, with another agriculture initiative – to increase the competitiveness of farming – being ranked third. In second place was education. Activating people did not receive much support, suggesting that generating social capital is not considered to be particularly important for those surveyed. Somewhat worryingly in the light of the EU’s current preoccupation with improved stewardship of land, ecological concerns occupied last place. Figure 10 paints a similar picture with ecology and the activation of people being considered to be the two least important areas for development. Furthermore, the quality of life, another phenomenon much vaunted in Brussels, was ranked third least important.

Figure 9 Most important development action

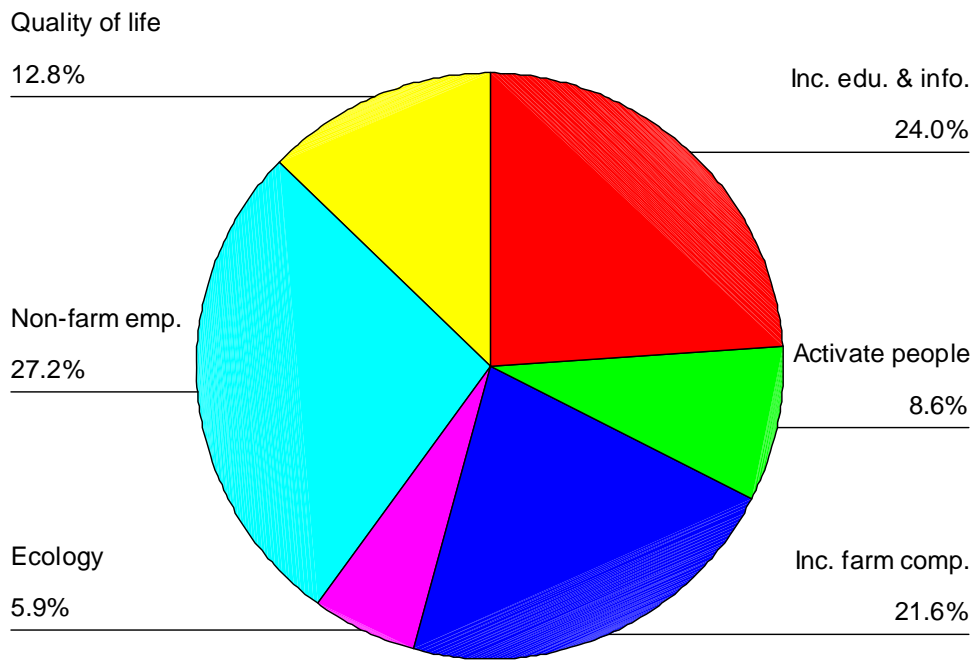
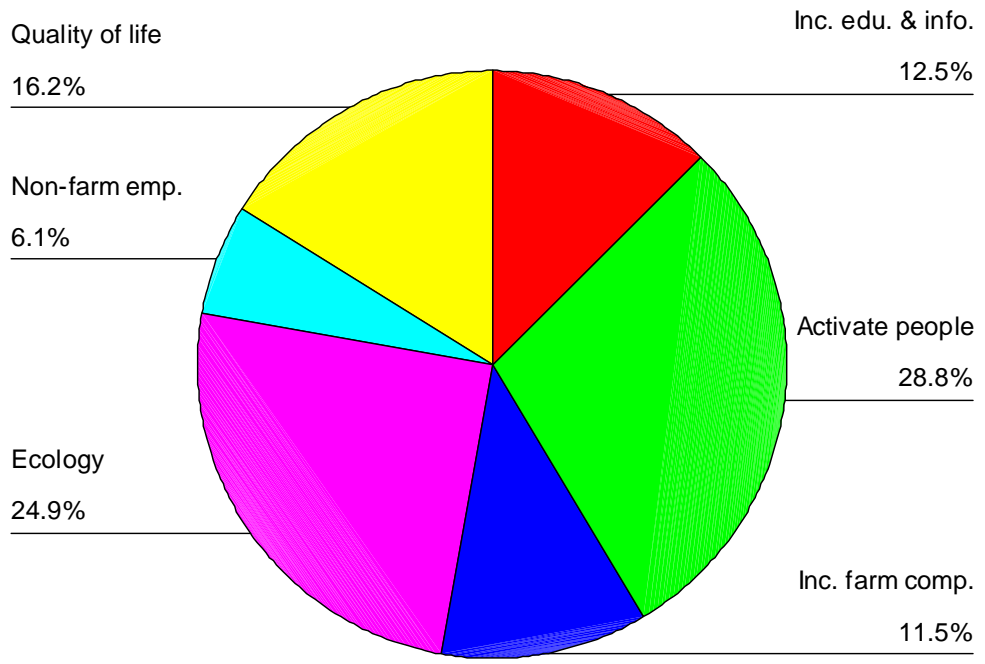


Figure 10 Least important development actions



Development strategies

In an attempt to discover how assiduously gminas pursued local development strategies, the officials were asked about whether various documents had been adopted by their authority. As can be seen from Table 8, most communities had a development strategy and a plan, as well as a long-term investment plan. However, in the modal case, all but the first had been adopted within the last year and even the development strategy had only existed since 2000. Of the three categories of authority, the mixed gminas seem to be the most proactive in this area, while the urban councils appear as the tardiest. On the other hand, the latter were far more likely than others to have a spatial plan and a co-operation programme with NGOs. Once again though, these were generally of recent origin.

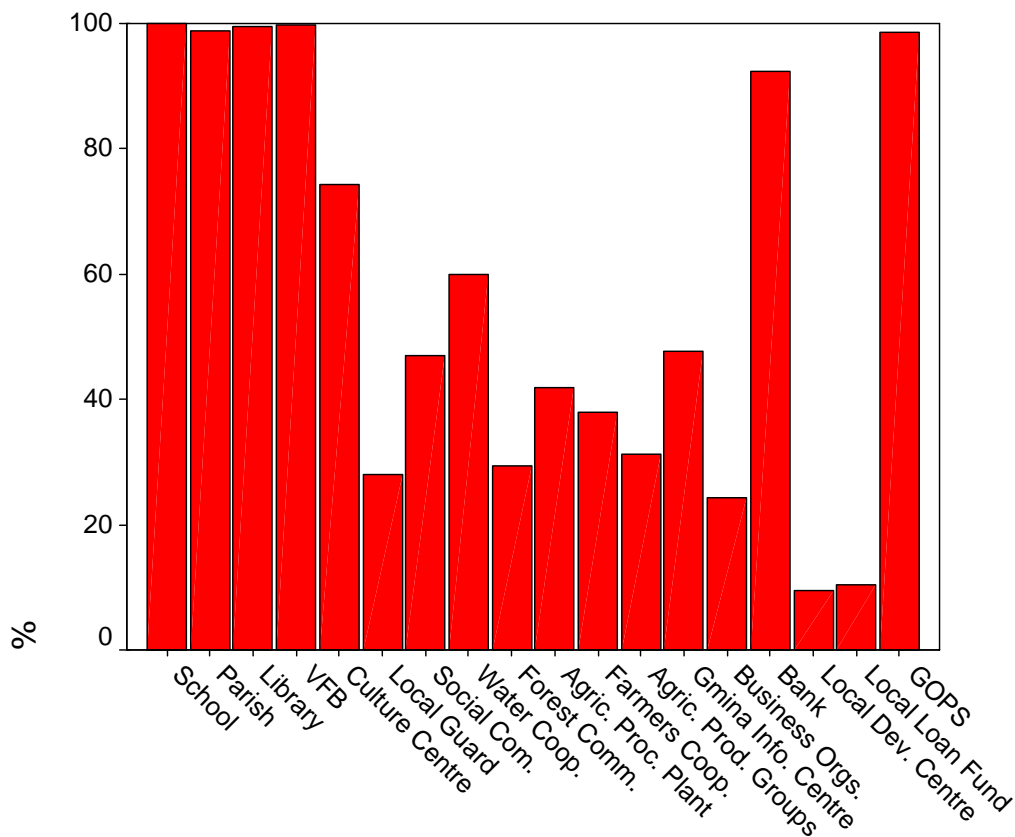
Table 8 *Gmina planning documentation*

	DATE (MODE)	RURAL (%)	MIXED (%)	URBAN (%)
Local development strategy	2000	225 (79.5)	81 (83.5)	43 (81.1)
Long term investment plan	2004	224 (79.2)	84 (86.6)	37 (69.8)
Local development plan	2004	203 (71.7)	75 (77.3)	34 (64.2)
Spatial plan	2004	87 (30.7)	29 (29.9)	24 (45.3)
1 year programme of cooperation with NGOs	2004	112 (39.6)	55 (56.7)	42 (79.2)

Possible drivers of development

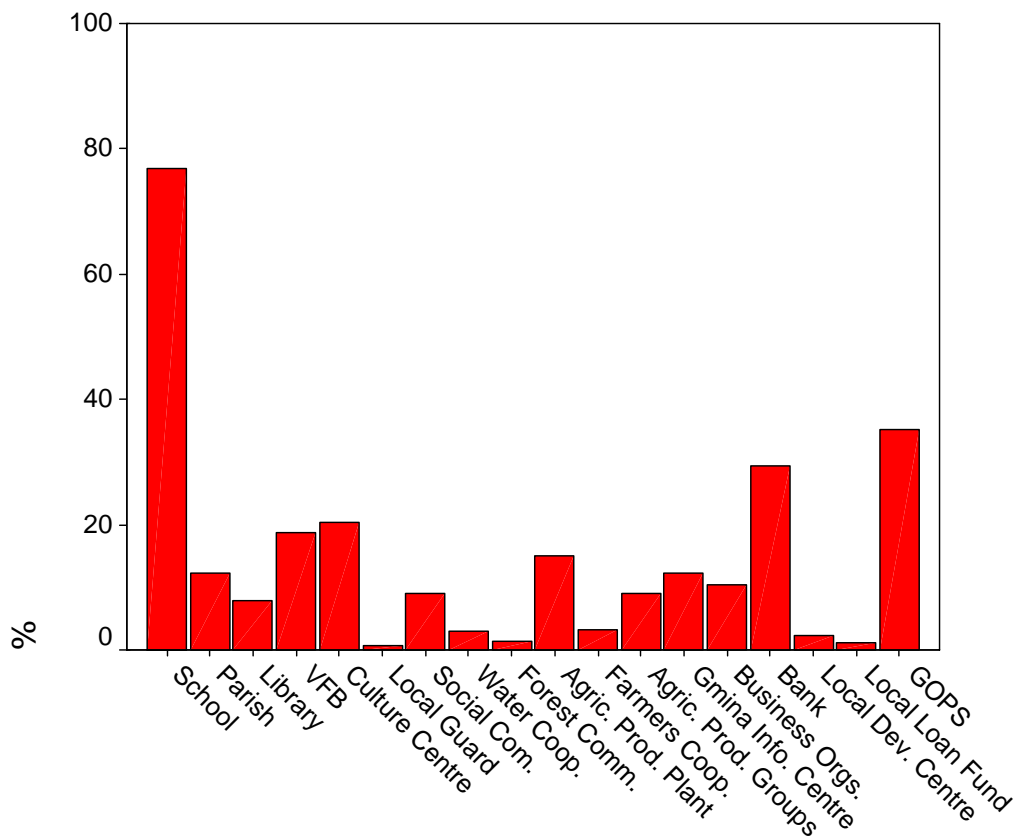
Development is often found to be driven by local institutions and initiatives and respondents were asked whether a number of those that are generally regarded as potentially important in a Polish setting existed within their gmina. The presence or otherwise of many of these organizations represent plausible indicators of the strength of social capital ties in the community. However, as many of them are only found in the countryside of Poland, the question was only directed at respondents from rural gminas. Figure 11 shows that the presence of a school, a parish, a library, a volunteer fire-brigade (VFB), a bank and a centre of social assistance (GOPS) was near universal. At the other end of the spectrum, few places had a loan fund, a development centre, a business organization, an agricultural co-operative, a forest community or a local guard. Many of those questioned also mentioned some other institution that they felt was important for development, but none was mentioned frequently.

Figure 11 Local institutions and initiatives



Having been asked about the presence of various institutions and initiatives, respondents were then asked to state which three they saw as most significant for the development of their area. Perhaps surprisingly, Figure 12 shows that almost eighty per cent of those questioned considered the local school to be among these, more than twice the number citing the bank or GOPS. Voluntary fire brigades attracted a surprisingly low level of support, while the fact that institutions with which few had local experience found little favour is perhaps only to be expected. However, the striking feature of the results is the lack of importance accorded to most of the institutions, with many respondents being unable to identify three that they regarded as major drivers of development.

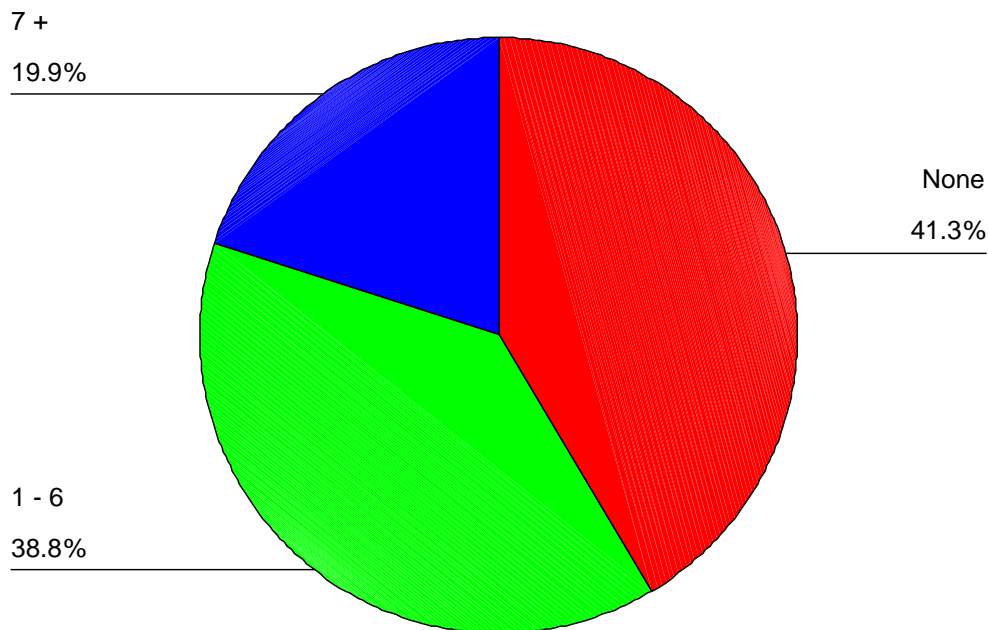
Figure 12 Most important local institutions and initiatives



In terms of the number of social committees registered in the last three years, Figure 13 shows that more than one-half of those from the rural gminas interviewed claimed that at least one had been registered in their area. In almost twenty per cent of cases, seven or more such committees had come into being. No such committees had been formed in just over forty per cent of rural gminas. Just over twenty per cent of respondents expressed the view these committees were ineffective. Of the 55 interviewees who listed reasons for this, only three problems were identified more than five times, these being:

- A general lack of leadership, activity and involvement. (N=20)
- They are institutions which are unnecessary, have no impact and cause problems. (N=10)
- Such committees have financial problems. (N=7)

Figure 13 Number of social committees registered in the last three years



Investment

Development will invariably necessitate investment of one form or another, whether it be in physical assets or in intangible technology, and respondents were therefore asked to identify the three that they considered to be most important within their gmina within the last three years, whether public or private. All of the six ventures that were identified by at least five per cent of the sample and are reported in Table 9 were essentially of a public infrastructure nature. It is perhaps to be expected that, in a country in which poor transport links have so often been identified as a hindrance to development (e.g. Gorzelak, 1998; Kukliński, Mync and Szul, 1997), road works were emphasised across all gmina types, although particularly so in rural communities. However, investments in the sewage system were the most frequently cited in mixed authorities, while they were regarded as third in importance in the rural and urban gminas. Expenditure on schools was placed second by respondents from rural authorities, while investments in sports facilities occupied that position for those from urban areas.

Table 9 Three most important gmina investments during the past 3 years

INVESTMENT	RURAL (%)	MIXED (%)	URBAN (%)
Road construction & modernisation	161 (64.8)	39 (43.9)	27 (54.8)
Sewage system	99 (37.2)	40 (44.7)	18 (35.7)
Construction of water treatment plants	49 (18.6)	27 (29.3)	12 (23.5)
Water system	85 (32.6)	26 (29.2)	11 (22.5)
Building sports facilities	62 (24.2)	29 (32.3)	19 (36.6)
Building & repairing schools	110 (43.1)	25 (31.0)	9 (18.9)

Note: Only those investments selected by a minimum of 5% (N=20) of the gminas interviewed are included in the table.

Of course, differences in the rankings regarding what has happened in the past may simply be a reflection of the fact that a particular type of investment did not occur or did not do so on a scale that registered as significant. To control for this possibility, at least partially, those questioned were asked what they regarded to be the three most important investments planned within their authority over the next two years. Adopting the five per cent inclusion criterion as utilised above, Table 10 shows that the same six investment types were emphasised again. Overall, highway expenditure was again the most favoured, although it ranked only second in the mixed and urban gminas behind expenditure on the sewage system.

Table 10 Three most important gmina investments planned for the next 2 years

INVESTMENT	RURAL (%)	MIXED (%)	URBAN (%)
Road construction & modernisation	177 (75.9)	48 (53.9)	26 (58.5)
Sewage system	155 (62.8)	63 (68.9)	33 (67.3)
Construction of water treatment plants	57 (24.0)	18 (19.9)	6 (13.0)
Water system	88 (36.5)	26 (28.9)	3 (6.0)
Building sports facilities	87 (36.2)	28 (31.3)	26 (57.7)
Building & repairing schools	57 (24.4)	16 (18.2)	7 (15.5)

Note: Only those investments selected by a minimum of 5% (N=20) of the gminas interviewed are included in the table.

Public-private partnerships

A good deal of emphasis in the EU is now placed on the role of the private sector in the development process, at least in the more liberal Member States whose ranks Poland ostensibly has now joined. Often this role is seen to be most effective when the private and public sectors act in concert. In view of this, respondents were asked whether any of the investments in Tables 9 and 10 were undertaken by the private sector alone or as part of a public-private partnership. As reported in Table 11, there has been little past success in this area and there is no evidence of increased role for the private sector in the investments planned for the future.

Table 11 *Public-private cooperation*

INVESTMENT WITH A PRIVATE COMPANY	RURAL (%)	MIXED (%)	URBAN (%)
Realised	18 (6.4)	13 (13.4)	5 (9.4)
Planned	15 (5.3)	12 (12.4)	7 (13.5)

Inward investment

Inflows of investment, domestic or foreign, are very much associated with growth and development in the literature (Ingham, Ingham and Kowlaski, 2005; Ingham, Ingham and Herbst, 2005) through multiplier and linkage effects and technology transfer. As such, local development studies in Poland have placed some emphasis on the endeavours of local authorities in this area (Gorzalak *et al.*, 1999; Gorzalak, 1998). The current enquiry therefore devoted a series of questions to the interactions of the gminas with external capital.

First, the survey asked what, if any, incentives the gminas had employed and what measures they had taken to promote their locality. Over 85 per cent of communities had utilised some enticements and, from Table 12, which was constructed on the basis of the foregoing five per cent inclusion rule, it is clear that tax breaks of one form or another were used the most extensively. Almost half of the authorities provided legal advice for inward investors, while just under one-third had made available land or premises for the use of such enterprises.

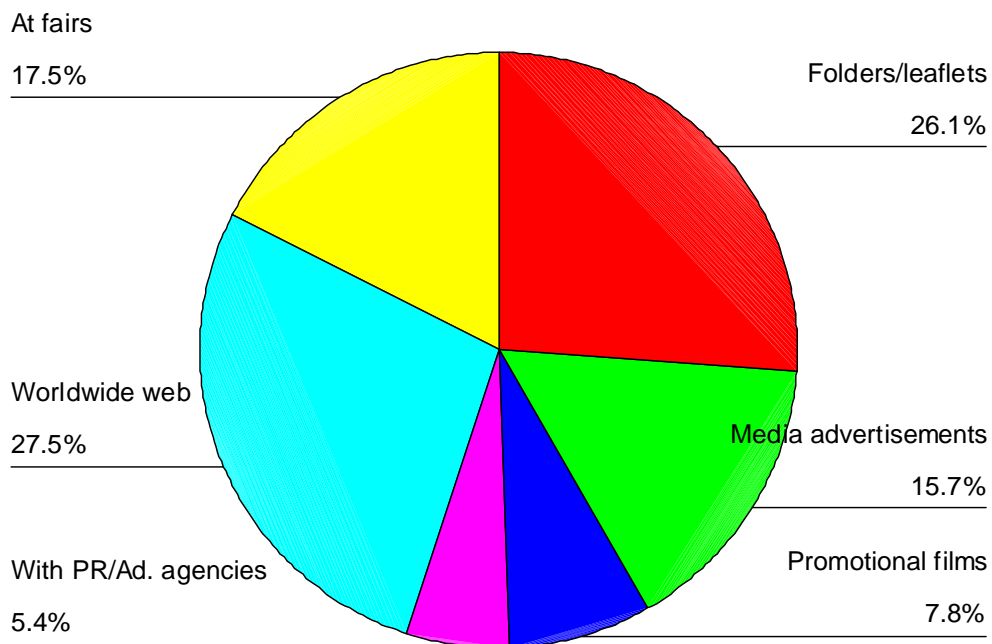
Table 12 *Incentives used to attract investment*

INCENTIVES	N (% OF THOSE RESPONDING)
Tax breaks	225 (92.7)
Property tax breaks	56 (24.4)
Legal help	57 (47.6)
Greenfield sites, business parks etc.	89 (31.5)

Note: Only those investments selected by a minimum of 5% (N=20) of the gminas interviewed are included in the table.

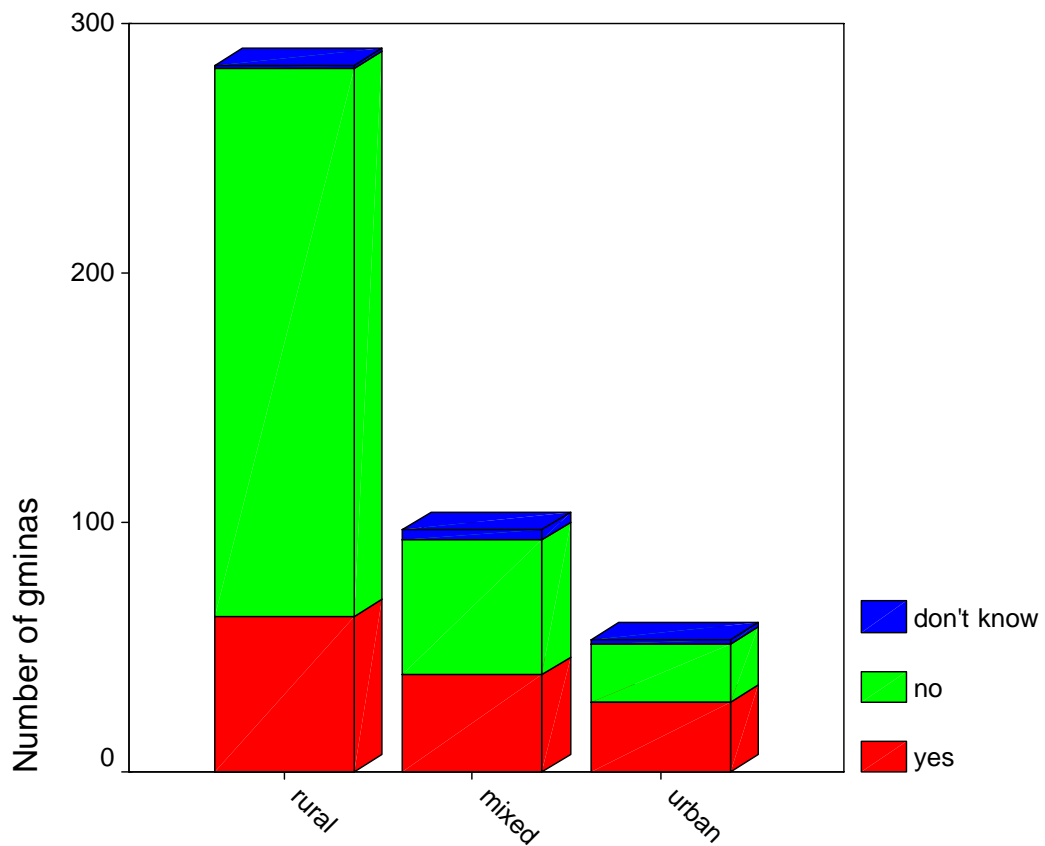
In total, almost 87 per cent of those interviewed said that their gmina actively promoted itself as a place to invest. As there were no marked differences between the different types of gmina, only the aggregate results are presented in Figure 14 below. The worldwide web emerged as the most favoured promotional medium, followed closely by the use of folders and leaflets. Both of these instruments are relatively low cost tools and more expensive methods were employed less frequently. Thus, presentations at fairs and media advertisements were used by about one-in-six authorities, while promotional films and PR/advertising agencies were both utilised by less than ten per cent of those sampled.

Figure 14 Active promotion of gmina



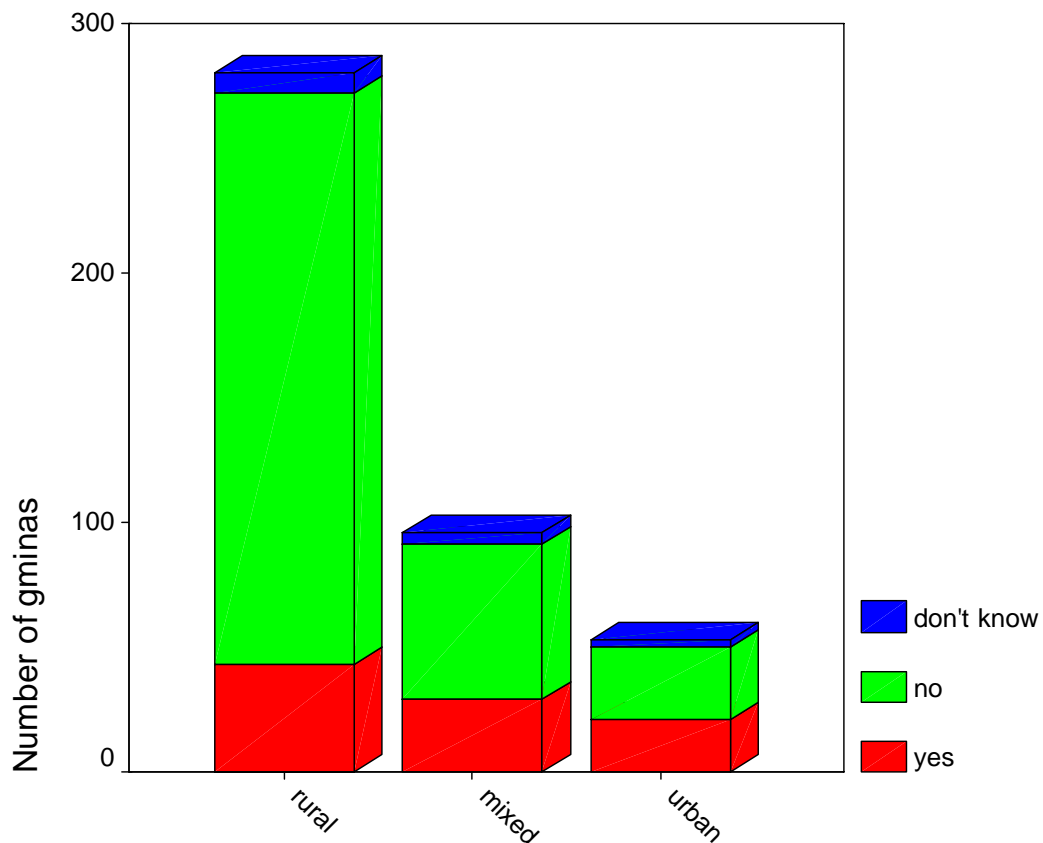
The potential benefits arising from foreign direct investment (FDI), particularly for the new EU Member States, are, as noted above, well documented. In aggregate, Poland has been the largest single beneficiary of such capital injections among the CEE transition states, although they have been spatially concentrated, notably around major conurbations, and, in per capita terms, they have been not nearly so impressive (Ingham, Ingham and Kowalski, 2005). The concentration of FDI is reflected in the results reported in Figure 15, which shows that independent foreign companies were present in more than fifty per cent of the urban and forty per cent of the mixed gminas surveyed, but with only twenty per cent of the rural communities being host to foreign investors.

Figure 15 Gminas with independent foreign companies by gmina type



FDI does not always involve the creation of a self-standing enterprise. In many cases, the preference of the investor is to operate with a domestic firm in order to acquire in-house local knowledge or reputation. In the event, the findings in the case of such joint ventures were very similar to those for independent foreign investments, as shown in Figure 16. Thus, whereas forty per cent of urban gminas reported the presence of at least one such entity, the figure for mixed gminas was some ten percentage points lower and only fifteen per cent of the rural communities surveyed were host to one or more such enterprises.

Figure 16 Gminas with joint ventures involving foreign companies by gmina type



There are many issues attaching to FDI, only a selection of which could be covered in a survey such as that reported here. However, to close the section of the questionnaire focusing on such activity, respondents were asked to state the degree to which they agreed with three statements, on a scale of one to five, where one represented strongly disagree and five strongly agree. The first was essentially an enquiry regarding the intrinsic economic worth of respondents' own localities, with those surveyed being required to assess whether their area had a realistic chance of attracting foreign capital. As shown in Table 13, most were sanguine about the prospects; nevertheless, those from rural gminas harboured the greatest doubts.

Second, in recognition of the disquiet felt in some quarters about the impacts of FDI on its hosts (Hardy, 1998), those surveyed were asked about the degree of trust they had in foreign capital. Overall, opinions were neutral, although it is noteworthy that those from rural areas tended to be the most sceptical. Finally, EU membership is often held to enhance the credibility and stability of entrants in the eyes of investors (Ingham, Ingham and Kowlaski, 2005) and thereby to increase their attractiveness as locations. While it is possible to argue that many of the benefits are in fact captured during the pre-accession phase, when applicants are incorporated into the free trade area and they must embark on the process of legislative approximation to the *acquis*, there could be a residual impact of formal accession. As such, those interviewed were asked whether they felt that FDI would be stimulated by the recent entry into the EU. The final row in Table 13 indicates a reasonable degree of belief that it would, although, once again, those from rural gminas were the least convinced. Indeed, caution may be the most appropriate reaction if foreign capital mainly seeks out low

wage cost countries, given the increasingly conspicuous emergence of countries to the east of Poland as viable potential hosts.

Table 13 Perceptions of foreign investment

RESPONDENTS' VIEWS	MEAN SCORES 1=STRONGLY DISAGREE 5=STRONGLY AGREE		
	Rural	Mixed	Urban
We have nothing to offer, investors will not come here no matter what we do.	1.99	1.41	1.70
One has to be careful dealing with foreign investors as their intentions are unclear.	2.76	2.54	2.32
We think that levels of FDI in Poland will increase now the country is in the EU.	3.27	3.57	3.53

Cooperation with other public and social actors

On the whole, Polish gminas have too few resources, whether financial or human, to effectively undertake all requisite development activity in isolation. It was therefore of interest to identify the extent to which they participate in various networks and supported organisations that could be of assistance in stimulating development. The results of this enquiry are enumerated here.

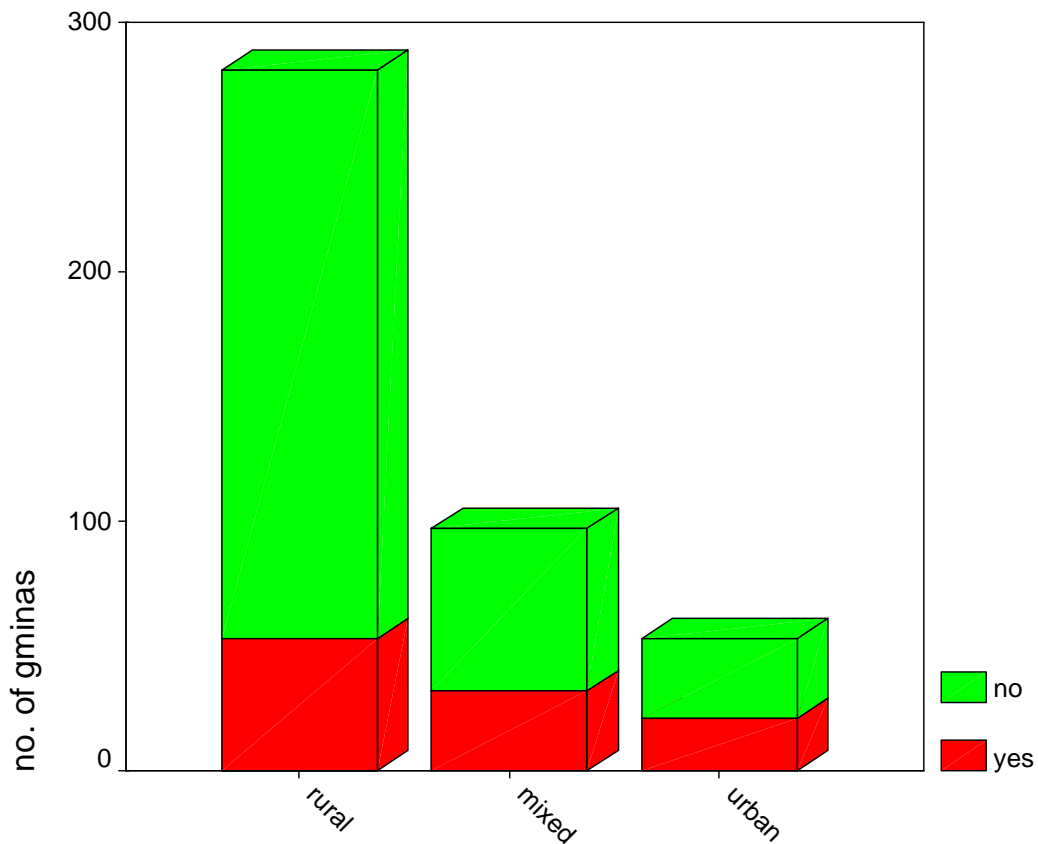
Association memberships

Over ninety per cent of all the gminas questioned were members of at least one local government association. However, only one generic group of organisations, those formed for regional and task oriented purposes, which was identified in 306 (81.8%) cases, was cited by twenty or more respondents. Perhaps surprisingly, only three gminas mentioned membership of Euroregions.

Cross-border and trans-national co-operation programmes

As shown in Figure 17, just over one hundred gminas had been involved in cross-border or trans-national programmes. Urban communities were the most active in this area, with some forty per cent claiming past or current involvement, which is to be compared with a figure of one-third for the mixed gminas and less than twenty per cent for the rural areas. A total of seventy authorities had been involved in more than two such programmes and, as might have been expected, the most favoured partners were Germany, which was cited by 49 respondents, the Ukraine (20) and the Czech Republic (15).

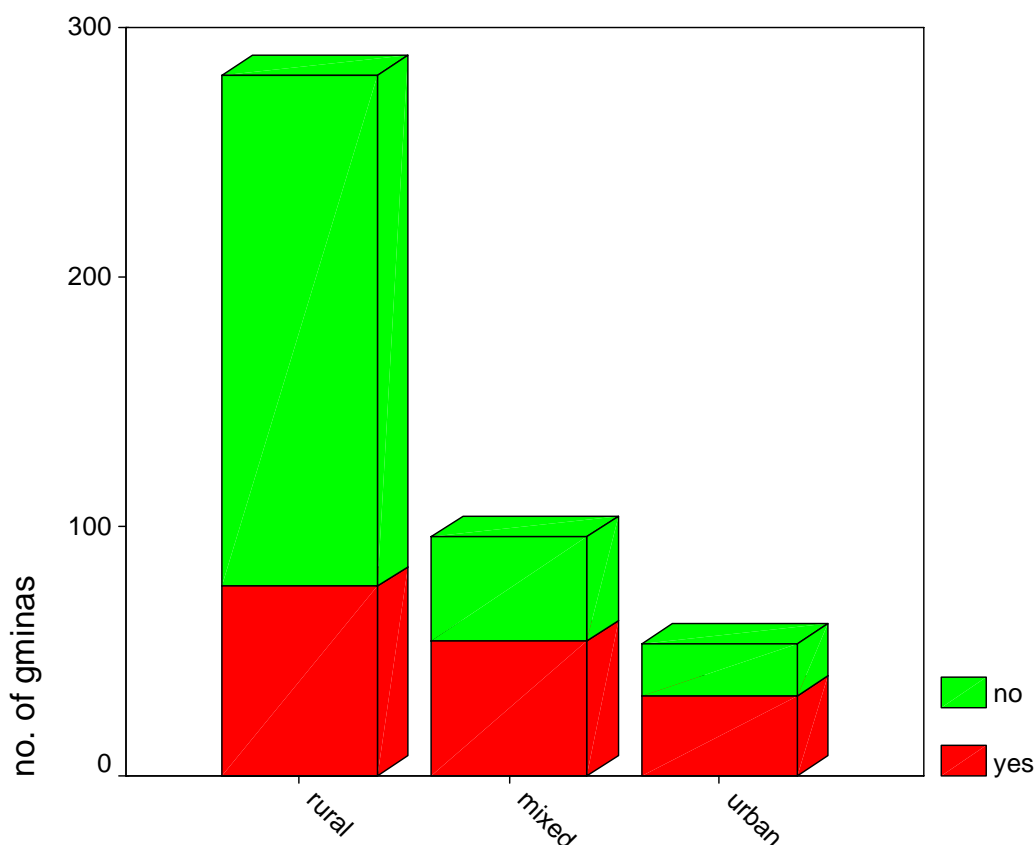
Figure 17 Participation in EU funded cross-border/trans-national programmes



Town twinning

Twinning arrangements appear to be more popular than cross-border or trans-national arrangements with the gminas interviewed, as depicted in Figure 18. While less than forty per cent of gminas overall were involved in such associations, the figure for urban gminas exceeded sixty per cent and that for the mixed gminas was 56 per cent. Rural communities, on the other hand, were noticeably less likely to be involved, with fewer than thirty per cent noting the existence of any such arrangement. A similar pattern to that observed for cross-border and trans-national co-operation emerged for preferred partners. In particular, German localities were the most popular twins (identified by 90 respondents), followed by the Czech Republic and France (both with 27), the Ukraine (19), Slovakia (18) and Hungary (15).

Figure 18 Participation in twinning agreement



Support for NGOs

A good deal of attention is paid to the role of NGOs in responding to market failures, supplying public goods and, following the subsidiarity principle, replacing the state in delivering social services. In Poland, there is an active debate about the ability of the sector to decentralise the state, promote social activeness and bring social services to the people who need them (Herbst, 2005). As such, the survey paid some attention to the relationships between the gmina authorities and NGOs. Table 14 reveals that, in absolute terms, rural authorities tended to exhibit greater involvement with such organizations than mixed and urban localities, with almost sixty per cent of the former donating to NGOs compared to slightly more than one-quarter in the mixed gminas and fifteen per cent in the urban ones. However, in certain other respects the mixed and urban gminas have stronger NGO links. Thus, not only were the modal number of NGOs receiving donations higher for these two types of gmina, their average donations were approximately twice the amount of those made by rural authorities. It is also the case that the rural gminas, be they donating or non-donating, had the lowest propensity to enter into long term contracts with NGOs. Overall, contracts with sports clubs were the most popular, being cited by 186 respondents, followed by Voluntary Fire Brigades (62), local/regional development associations (59), health organizations (41) and humanitarian bodies (22).

Table 14 Relationships with NGOs

	RURAL (%)	MIXED (%)	URBAN (%)
Number donating to NGOs	177 (59.0)	77 (25.7)	46 (15.3)
Modal number of NGOs receiving donations	1	3	5
Average donation (PLN)	84,915	186,676	173,578
Minimum donation (PLN)	200	2,000	5,000
Maximum donation (PLN)	1,500,000	5,000,000	1,000,000
Donating gminas having a long term contract with an NGO	60 (33.9)	37 (48.1)	26 (57.8)
Non-donating gminas having a long term contract with an NGO	51 (32.1)	36 (48.0)	26 (59.1)

The EU and local development

The EU was always anxious to secure the long-term alignment with the European west of the states that rejected the hegemony of the Soviet Union and from the outset substantial assistance and the promise of accession were devoted to the effort. By the time of the Copenhagen European Council in December 2002, ten transition countries, including Poland, were adjudged to have satisfied the Copenhagen membership criteria and duly acceded on 1 May 2004. Nevertheless, the transformations within the new members still have some way to go and they will be reliant on EU assistance for the foreseeable future: indeed, all Member States receive transfers of some form or other from its budget. As knowledge of and interaction with the funding programmes involved can assume critical importance for local level development, the final section of the questionnaire was devoted to these issues.

Awareness and training

In order to take advantage of the opportunities it offers, as well as the obligations it imposes, it is obviously necessary for information about the EU to be widely disseminated. This would appear to be widely recognised in Polish local authority circles, with 94 per cent of the gminas surveyed having staged an EU awareness campaign and 99 per cent of them claiming to have sent at least one person on an EU training course within the last two years. In the case of the latter, by far the most popular were modules dealing with New Programmes and Funds, which were referred to by 365 (85.1%) of respondents. Other popular choices were courses relating to Law and Administrative Changes (191, 44.5%), Changing Farming to EU Standards (113, 26.3%) and Direct Support for Farmers (203, 47.3%).

The Common Agricultural Policy

Perhaps the most publicly acrimonious aspect of Poland's accession negotiations was that relating to agriculture and the country's entitlements under the CAP. The sheer size of its farming sector meant that this was always going to be a bone of contention for negotiators on both sides of the table. Support under the Policy has moved progressively from production subsidies to direct income payments and the level of these to be applied was critical (Ingham and Ingham, 2004). At the end of the day, Poland extracted major concessions – albeit to the detriment of its rural

development budget (*ibid.*) – although eligibility is only the first step; the entitlements then have to be claimed. In the event, 97 per cent of the gminas had organised information desks to help farmers with their direct payments' applications and, in 95 per cent of the rural gminas, more than sixty per cent of farmers had applied for them. The same was always true in 78 per cent of the mixed gminas surveyed.

Pre-accession funding programmes

Pre-accession funding was important both for securing and assisting with the post-communist transition and for ensuring that the applicant countries complied as closely as possible with the *acquis communautaire* prior to accession to the EU. However, the application procedures and project management stipulations were often bureaucratic and, at 92 per cent of the sample, the number of gminas that actually applied for pre-accession funding from the various programs listed in Table 15 below is perhaps surprisingly high. The first column of that Table provides basic information of how many individual applications the majority of the gminas surveyed made to the individual funds. Thus, for example, 77 per cent of those questioned made between one and four claims to the SAPARD programme; in the case of the ISPA initiative, on the other hand, 86 per cent of those interviewed submitted only one request, while in the case of PHARE and PAOW over sixty per cent of the authorities applied once or twice.³

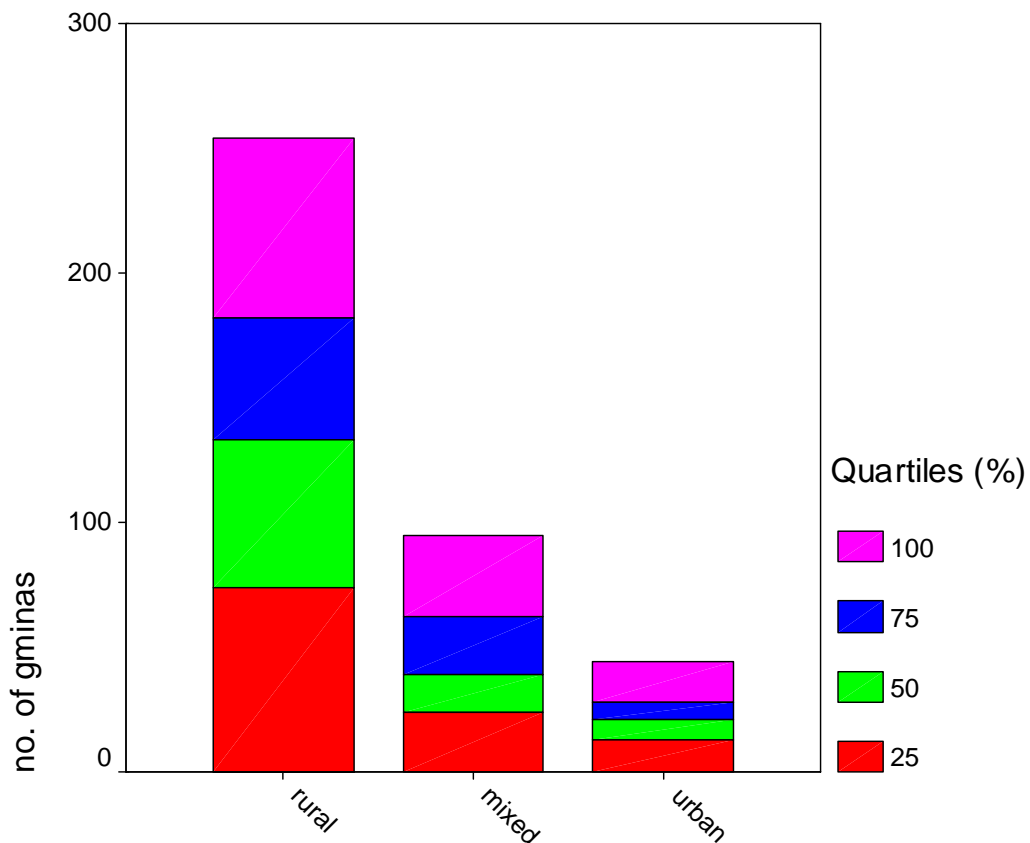
The mixed and urban gminas were more likely than their rural counterparts to seek PHARE funding and they had higher success rates, although all types of authority fared well. As would be expected, the rural and mixed communities dominated applications to the two agriculture/rural development programmes – PAOW and SAPARD – and, once again, they enjoyed very high success rates. In contrast, few applications were submitted under the auspices of ISPA and only ten of the gminas surveyed secured monies. This is not, however, surprising given the structural nature of the projects financed under that programme and the general presumption that they would be undertaken by higher tiers of government.

Table 15 Pre-accession funding

	NUMBER OF APPLICATIONS (% OF GMINAS)		RURAL	MIXED	URBAN
PHARE	1-2 (61.7)	Applications (% of gminas)	77 (27.2)	32 (33.0)	18 (34.0)
		Successes (% of gminas)	62 (80.5)	31 (96.7)	18 (100.0)
PAOW (Rural dev.)	1-2 (67.4)	Applications (% of gminas)	120 (42.4)	43 (44.3)	7 (13.2)
		Successes (% of gminas)	113 (94.2)	41 (95.3)	7 (100.0)
SAPARD	1-4 (77.4)	Applications (% of gminas)	219 (77.4)	80 (82.5)	18 (34.0)
		Successes (% of gminas)	186 (84.9)	76 (95.0)	17 (94.4)
ISPA	1 (85.7)	Applications (% of gminas)	19 (6.7)	11 (11.3)	4 (7.5)
		Successes (% of gminas)	4 (21.1)	4 (36.4)	2 (50.0)

Respondents were further asked to specify the total sums of money allocated to their gminas under the programmes highlighted above. The resulting distribution of awards was then divided into four quartiles and Figure 19 shows the proportion of communities of each type receiving allocations in these four ranges. In the case of rural and urban gminas, there was a more or less equal spread across the size spectrum. The mixed authorities, on the hand, did rather better insofar as the greatest number of grants received fell into the largest quartile of sums in excess of 2,500,000 PLN (approximately £440,000 at mid-2005 exchange rates). The overall impression from the foregoing discussion is that the gminas have, to date, been fairly successful in securing EU funds.

Figure 19 Total funding received to date



Notes:

- 25 % quartile = $\leq 400,000$ PLN.
- 50% quartile = $> 400,000$ & $\leq 1,000,000$ PLN.
- 75% quartile = $> 1,000,000$ & $\leq 2,500,000$ PLN.
- 100% quartile = $> 2,500,000$ PLN.

Newly available funding streams

Previously successful or not, it is certainly the case that the gminas appear keen to apply for further monies from the EU. As shown in Table 16, 99 per cent of all communities surveyed thought that they would benefit from newly accessible EU programmes, with 59 per cent having pre-lodged applications and a further 36 per cent being in the process of preparing submissions. Of the newly available funding streams, ZPORR, an integrated regional development programme, was by far the most attractive to all types of gmina. As might be expected, the rural SPO ROL programme was relatively unattractive to the urban gminas. On the other hand, almost half of the mixed communities and even one-quarter of urban authorities hoped to benefit from LEADER+, another rural development initiative.

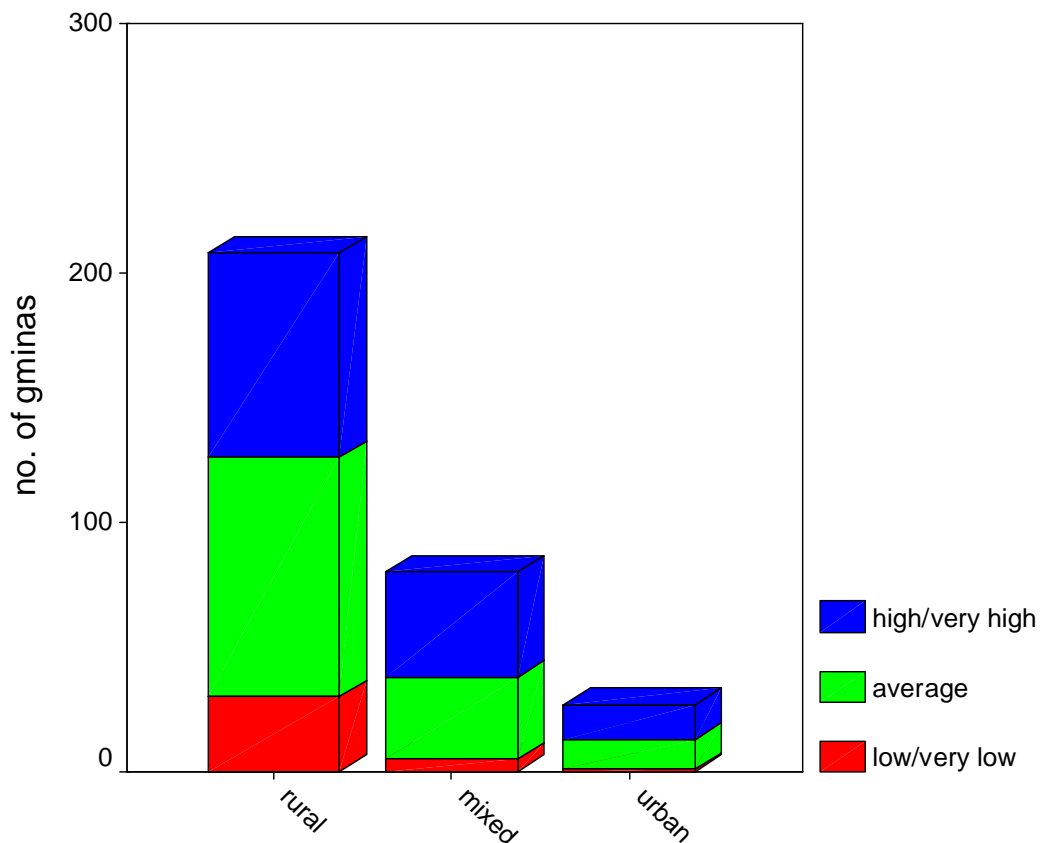
Table 16 Newly available programmes from which gminas hope to benefit

PROGRAMME	RURAL (%)	MIXED (%)	URBAN (%)
EQUAL	23 (12.2)	13 (16.5)	4 (14.8)
ZPORR (Regional dev.)	175 (86.6)	71 (86.6)	22 (78.6)
SPO RZL (Human resources)	41 (20.3)	20 (24.4)	5 (17.9)
INTERREG	29 (15.7)	23 (28.0)	7 (25.0)
SPO ROL (Modernisation of food sector & rural dev.)	51 (25.2)	20 (24.4)	3 (10.7)
LEADER+	78 (38.6)	40 (48.8)	7 (25.0)
PHARE	31 (16.9)	24 (29.3)	7 (25.0)

Note: ZPORR, SPO RZL and SPO ROL are all under the auspices of the EU's Structural Funds.

Even when asked what they thought were the actual chances of receiving financial aid from these programmes, the responses were generally quite optimistic, as illustrated in Figure 20. The percentages rating the odds as either high or very high were almost forty per cent in the case of the rural gminas, 46 per cent for the mixed communities and 42 per cent for the urban localities. Very few of those questioned believed that their chances were low or very low, with the corresponding percentages for the three groups of gminas being fifteen, nine and eleven, respectively. These figures suggest that it is actually the mixed gminas that have the most positive outlook towards EU funding; possibly because they believe that they can potentially exploit specific agricultural/rural funding streams, in addition to the mainstream programmes.

Figure 20 Gminas' chances of receiving financial aid from EU programmes

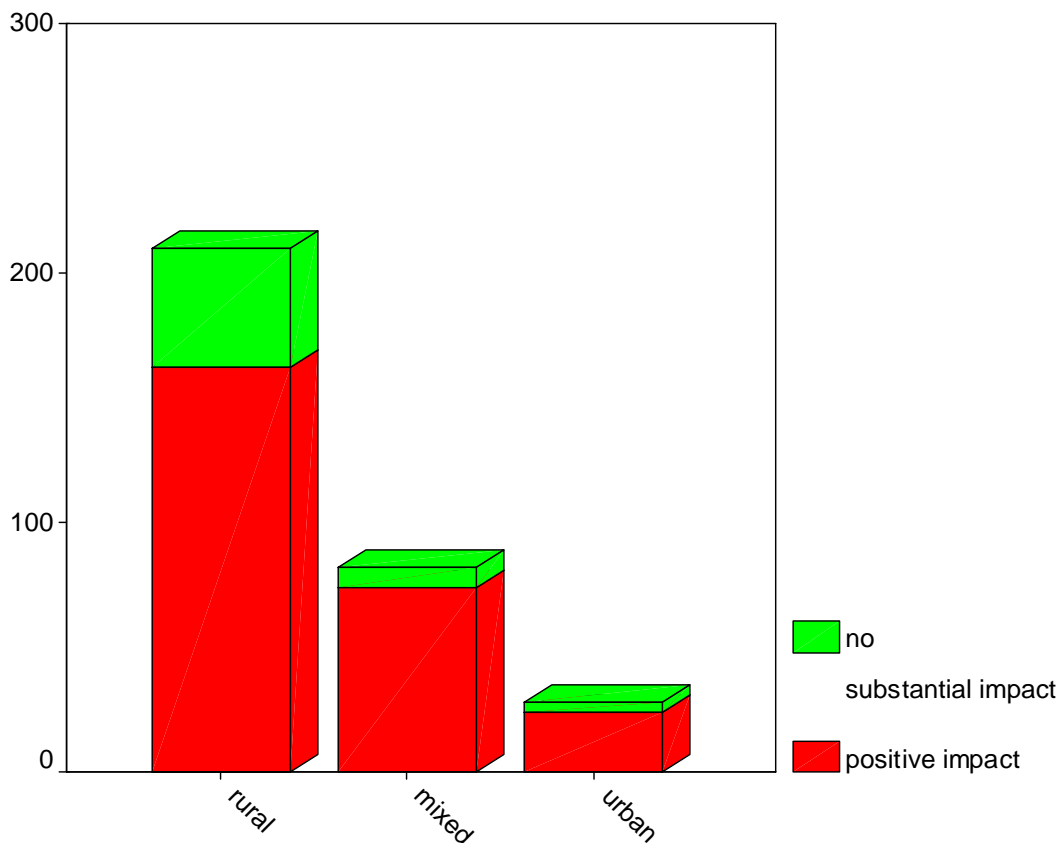


Those respondents who thought that their chances of securing EU funding were low or very low were asked to say why they believed this to be the case. Of the sixty cases involved, thirty-five provided an answer to this question and the most common answer was that they felt that there was too much competition for the limited funds on offer; a reason cited by 20 of those interviewed. The next two most frequent responses were that larger projects would be favoured (N=8) and the inability of their gmina to provide matched funding (N=4).

Accession and development

The concluding question asked respondents whether they felt that EU accession would have a positive impact on their gmina's development. As the results depicted in Figure 21 illustrate, the majority of those interviewed believed that it would. Again the mixed gminas were the most optimistic, with some 88 per cent expecting a positive outcome. The figure recorded for the urban gminas was only some three percentage points lower and, even in the rural localities, 72 per cent were sanguine about the prospects that membership carried for the advancement of their community.

Figure 21 Impact of EU accession on gmina development



4. SUMMARY AND CONCLUSION

While detailed analysis remains to be conducted, the summary questionnaire results reported in this paper suggest some interesting lines of enquiry that such investigation might take in relation to levels of local development across Poland at the time of the country's entry into the EU. In terms of their individual situations, many of those interviewed identified the related phenomena of unemployment and poverty as significant problems within their communities. In rural localities, alcoholism joined this list. In general, those interviewed were reasonably satisfied with the performance of their councillors and administrators, although those questioned from rural communities expressed some concern over the educational qualifications of the latter group. Finance, along with unemployment, was rated as one of the two major problems hampering development. In terms of any perceived advantages that they felt that their communities possessed, those from the rural areas tended to identify the environment, whereas those from urban settings highlighted their location.

The responses from the rural gminas relating to farming revealed, in part, a familiar, albeit slightly confused, picture. On the one hand, there was widespread optimism that at least some of their agricultural products were competitive within the Union and that output levels had been maintained following accession or, in some cases, actually increased. On the other hand, there was general recognition of the need to diversify the employment base within agricultural communities. At the same time, those interviewed pointed to out-dated, fragmented farms, non-competitive farming practices, hidden unemployment and farmers' resistance to change. Little importance was attached to environmental concerns; a finding in direct conflict with the EU's

drive for responsible stewardship of land in rural areas. Furthermore, the interviews pointed to exceptionally high unemployment rates among ex-state farm workers, particularly in the areas where the largest farms had been situated.

Although the survey did not reveal high levels of debt in the majority of gminas, most of the individuals questioned believed that attracting increased levels of external investment, domestic or foreign, would be the best way to improve the finances of their authority. In the attempt to achieve this, the majority of gminas were actively engaged in promotional activities, although most tended to avoid relatively high cost promotions like media advertising and PR agencies. Instead, low cost activities such as the internet, leaflets and a presence at fairs tended to be used. Notwithstanding the fact that the survey revealed only limited injections of foreign capital – whether in the form of wholly owned enterprises or via a joint venture – the majority of those interviewed were not only of the opinion that FDI flows into Poland would increase significantly now that the country has joined the Union, they also felt that their local area had something to offer such overseas investors. In terms of other factors that could improve local level finances, the respondents mainly pointed to areas that were outwith their control: increasing state subsidies, giving gminas greater shares of personal and company taxation and allocating to them an increased share of powiat revenue.

The survey provided a rather mixed picture regarding the existence of sources of social capital that might potentially be tapped to bolster local development endeavours. Thus, notwithstanding the fact that many local associations and organisations are present in the rural gminas, only more or less essential institutions such as a school, bank and a social assistance office were found to exist in the majority. Furthermore, it was these latter bodies that were felt to be the most important for local development. While the work found that many authorities had registered social associations, there was widespread scepticism about their value. Those interviewed placed far greater weight on physical capital, particularly infrastructure, than on social capital as a major driver of progress. Although the survey uncovered some involvement in twinning and other trans-national projects, the majority of authorities had not participated in them. Likewise, although there is a reasonable degree of involvement with the NGO sector in rural gminas, the same was not true of the mixed and urban localities. Nevertheless, the latter two groups of communities donated on average significantly more to NGOs than their rural counterparts.

Finally, the survey evidence suggested that the gminas are already engaging with European programmes, with a majority having already made successful bids to pre-accession funds. Furthermore, a significant number of authorities had already applied to one or more of the mainstream EU programmes for which Poland is now eligible, with many amongst the remainder in the process of preparing bids. The results did however indicate, albeit for a small number of authorities, that there was doubt over the likely success of these proposals, either because of the amount of competition that they would face at the pan-European level or because of their inability to provide the requisite matched funding. The premonition of this minority well may well turn out to be the more realistic. Overall, the vast majority of those interviewed felt that their community would benefit from EU membership, although the most sceptical were those interviewed from the rural gminas.

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¹ Amalgamations of powiats known as sub-regions represent the NUTS 3 tier, but these are largely a statistical artefact.

² See Ingham and Ingham (2004).

³ PAOW is the rural development programme that was funded by the Polish government and the World Bank which commenced in 2002 and is scheduled to finish in 2005.