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From the “Socialist-collectivistic” welfare state to “McIsrael”: The evolution of the Israeli welfare state

Abstract

The Israeli welfare state has sometimes been perceived as the most socialist outside the Eastern bloc and has been described by scholars with the use of terms such as “constructive socialism” or “socialist-collectivistic welfare state”. The creation of such a welfare state in Israel would not have been possible without the long dominance of the Mapai workers’ party on Israel’s political scene. The General Organisation of Workers in Israel, established in 1920 and called Histadrut, played a vital role in shaping the Israeli welfare state and exerted an impact on Israeli social policy for many years. However, just as was the case with Central and Eastern Europe, when liberal-conservative parties came into power in Israel – parties that were not interested in the development of social programs – the Israeli welfare state evolved from one with a collective and social orientation to an ultra-liberal welfare state, denoting almost complete Americanisation of socio-economic life, descriptively termed “McIsrael.” This article aims to analyse the evolution of the Israeli welfare state to test the validity of comparing the Israeli model to post-communist welfare states in Central and Eastern Europe.

Key words: welfare state, social policy, Israel

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Introduction

In his seminal book *The Political Economy of Israel*, Ira Sharkansky termed Israel “the most socialist country outside the Eastern Bloc” (1987, p. 10). This stemmed from the fact that during almost the first three decades of its existence, Israel’s welfare state resembled the communist welfare state in Central and Eastern Europe (Zilberfarb, 2005). However, if the economic aspect is taken into account, there is no unanimity among scholars on whether the Israeli economy was transformed in the 1970s from socialist to capitalist (Aharoni, 2014) or perhaps from a quasi-socialist or social-democratic version of capitalism to an ultra-liberal economy (Krampf, 2018; Ram, 2008).

This article aims to analyse the evolution of the Israeli state to answer the following research question: is it legitimate to compare the Israeli welfare state – sometimes termed as “constructive socialism” (Patish, 1990) – to the post-communist welfare states of Central and Eastern Europe? In the last decades, Central European welfare states have moved from communism or real socialism to liberalism or a liberal-conservative hybrid (Bohle & Greskovits, 2007; Chaczko & Grewiński, 2021; Elster et al., 1998; Inglot, 2008; Orenstein, 2008; Szikra & Tomka, 2009). As noted above, Israel followed a similar route: from a socialist-collectivistic state to the almost complete Americanisation of social and economic life, evocatively termed “McIsrael” (Azaryahu, 2000; Manos & Gidron, 2021).

The road to post-communist welfare states in Central and Eastern Europe and their character

From a historical perspective, Central and Eastern European welfare states, i.e., Czech, Polish, Hungarian, and Slovakian, followed a four-stage path of development: (i) imperial origins (1880–1918); (ii) incomplete institutional consolidation during the period of the interwar independence (1919–1939); (iii) over four decades of adaptation, expansion, and crisis of welfare states under the communist rule (1945–1989); (iv) the period of “transformation shock” preceding their accession to the European Union (1989–2004) (Inglot, 2009, p. 74). The fourth stage of the development of Central and Eastern European welfare states seems particularly significant, whereby the period of dominance of communist parties and communist social policy was followed by what James G. March and Johan P. Olsen call the contestation of the communist order:

Actors are likely to learn from disasters, crises, and system breakdowns – transformative periods where established orders are delegitimized, are challenged, or collapse. Then, institutions and their constitutive rules are discredited as unworkable and intolerable and change initiatives are presented as emancipation from an order that is a dysfunctional, unfair, or tyrannical relic of an unacceptable past, as was, for example, the case when communist regimes in Central and Eastern Europe collapsed (March & Olsen, 2009, p. 489).

The collapse and criticism of the communist system resulted in the neo-liberal evolution of Central and Eastern European welfare states (Deacon & Hulse, 1997; Dawisha & Ganey, 2005; Kowalik, 2009; Zawadzki, 1996), which in many respects constituted an opposition of the earlier system, albeit still rooted in the old institutions. Mirosław Książopolski notes that the basic difference between social policy in *laissez-faire* states and ex-communist states (of the so-called real socialism) lies in the fact that in the former social security and welfare of the citizens are ensured by the state's involvement in the sphere of consumption, with the least possible interference in the sphere of production. By contrast, in communist welfare states special attention is given to the primary distribution of national revenue, hence state interference occurs already at the level of production. This is achieved mainly by attempts to guarantee full employment: the certainty of employment constituted the foundation of the social security system in the communist welfare state. It can be called the first pillar characteristic of the system. The second pillar of the communist welfare state was high state subsidies for basic goods and services. The third pillar was a well-developed system of social benefits, especially those the citizens were entitled to in case of unexpected events, such as illness, accident, disability, etc. (Książopolski, 1993, pp. 12–13). Other scholars of communist welfare states reach similar conclusions. For example, Ludmiła Dziewięcka-Bokun argues that the “socialist experiment” meant that through its structures the communist state accepted the role of a guarantor of the whole system of social security. Means of production were almost completely socialised and centrally managed (Dziewięcka-Bokun, 2000).

Tomasz Ingot posits that the communist welfare state constituted a combination of three components: (i) unified social insurance, i.e., existing pre-communist rudimentary structures of the welfare state, in particular legal acts and institutions related to insurance in case of illness or accident, pension programs, etc.; (ii) “socialist” programs and policies, i.e., new laws and institutions related to social policy – full employment, national health service, affordable housing, family programs, and additional limited, means-tested benefit schemes; (iii) the Stalinist model of social policy, that is socialist norms and practices of supervising and managing the social policy borrowed from the Soviet Russia: organisation, financing, and administration of all social programs within the centralised framework of economic planning and monopolistic political control (Ingot, 2008, p. 26).

A question that arises at this point is: how does Israel compare to this pattern of development and nature of Central European welfare states?

Socio-political conditions of Israel's socialist-collectivistic welfare state

The emergence of the socialist-collectivistic welfare state in Israel would not have been possible without a long-term dominance of the workers' party of Mapai (an acronym for Heb. *Mifletet Poalei Eretz Yisrael*, Workers' Party of the Land of Israel) and without the popularity of socialist ideas in the Israeli society (Mendes, 2014). With the exclusion of the pre-state period, the leader of the left-wing Mapai party

was the head of all Israeli governments until 1977 (see Table 1). In his attempt to diagnose the sources of Mapai's dominance in Israel, Benjamin Akzin (1955) pointed out two essential factors that had a bearing on this phenomenon. First, the social role of the party characteristic of the Zionist pre-state period became the norm. The Zionist organisations' orientation towards social work before 1948 (the absorption of immigrants) resulted in the creation of strategies emulating this pattern. The Zionist organisations discovered a great role of direct social work as a method of acquiring supporters. Transposing its earlier experience onto the framework of state politics, Mapai was able to penetrate the electoral market to the highest degree, skilled as it was in making the masses of Jewish immigrants dependent on itself. Functioning in accord with a mass model of a political party (Katz & Mair, 1995), Mapai organised most aspects of life for its members: from employment and healthcare, through education and recreation, to social security and social assistance. Mapai's model of a mass party perfectly fits the needs of the constantly growing Israeli society. The party continued to socialise and mobilise the masses with the view of integrating its members and ensuring their loyalty and stable support were reflected in the election results. In return, the social clientele – especially new arrivals – benefited from party membership as the party took care of their social welfare (Yishai, 2001).

Secondly, the voluntarism symptomatic of the pre-state period in Israel assumed the character of ethics. Social relations at that time were shaped not only on the basis of the ideas of civic community, but also of emotional closeness and the roles played by the members of the socialist-collectivistic society. In accord with the dominant statist and socialist tendencies, leftist Zionist organisations, especially Mapai, construed the image of a Jewish inhabitant of Palestine as a pioneer who willingly chooses collective good over individual good (Yanai, 1996).

Israel's "Founding Father" and the symbol of Mapai, David Ben-Gurion represented political thought termed *mamlachtiut*, which is "state-forming policy". This encompassed, among others, a moderate stance on religious issues and statist tendencies, the development of state institutions and their dominant role in given aspects of public life. To put it differently, *mamlachtiut* translated into subordination of individual interests to the interests of the state. A special role in the system fell to the Israeli army, one of whose functions was the shaping of a community, nationality, and collective Jewish identity. The forming of state consciousness in Jewish immigrants was thus one of the major aims of the doctrine of *mamlachtiut* (Dahan 1999; Peled, 1992). The leftist values of the dominant Zionist political parties were smoothly adapted in the new state, becoming practical principles operative in the first three decades of Israel's existence.

Mapai's dominance stemmed not only from the social prevalence of pioneering values associated with the party, but also from the Israelis' acknowledgement of the party's special role and its identification with the creation of the Jewish state. Public opinion's recognition of Mapai's principal role in the Zionist process of Israel's creation had a bearing on the perception of the party's special function in the political system (Akzin, 1955). The stability of the system dominated by the Zionist left derived from the voters' ideological attitudes shaped during the pre-state period and from the authority of outstanding party members. David Ben-Gurion, Yitzhak Ben-Zvi, Chaim Weizmann, Golda Meir, and Moshe Sharett participated in the creation

Table 1. Prime Ministers and ruling parties in Israel between 1949 and 1977

The date of the government’s formation	The Prime Minister and their political party
10 March 1949	D. Ben-Gurion – Mapai
1 November 1950	D. Ben-Gurion – Mapai
8 September 1951	D. Ben-Gurion – Mapai
24 December 1952	D. Ben-Gurion – Mapai
26 January 1954	M. Sharett – Mapai
29 June 1955	M. Sharett – Mapai
3 November 1955	D. Ben-Gurion – Mapai
7 January 1958	D. Ben-Gurion – Mapai
17 December 1959	D. Ben-Gurion – Mapai
2 November 1961	D. Ben-Gurion – Mapai
26 June 1963	L. Eshkol – Mapai
22 December 1964	L. Eshkol – Mapai
12 January 1966	L. Eshkol – Labour/Mapai
17 March 1969	G. Meir – Labour/Mapai
15 December 1969	G. Meir – Labour/Mapai
10 March 1974	G. Meir – Labour/Mapai
3 June 1974	Y. Rabin – Labour/Mapai

Source: Mahler, 2004

of autonomous Israel, among others by signing the Declaration of Independence. Their authority, achievements, and active role in the fight for statehood generated public esteem, while at the same time they were identified with Mapai. Mapai’s connection with the founding of sovereign Israel endowed the party with a special socio-political role, recognised unanimously by public opinion. This unique perception of the party was reflected also in the Parliament, where the remaining parties automatically assumed secondary roles in coalitional negotiations, positioning themselves as complementary, and not alternative, elements (Chaczko, 2011).

The road to the socialist-collectivistic welfare state in Israel

Israel’s welfare state had its roots in the Zionist policies of the pre-state period. Zeev Rosenhek argues that the social functions in the Zionist project of Eretz Yisrael (Eng. *Land of Israel*) were to function as a mechanism to manage the conflict between Arab and Jewish population: social services offered to Jewish immigrants functioned

as a tool to subsidise the costs of reproduction, enhancing their position in the competition with the much cheaper Arab workforce (Rosenhek, 1998). A special role therein fell to the General Organisation of Workers in Israel, established in 1920 and called Histadrut (Heb. *Ha-Histadrut Ha-Klalit shel Ha-Ovdim B'Eretz Yisrael*), which David Ben-Gurion describes as follows:

The Histadrut is not a trade union, not a political party, not a cooperative society, nor is it a mutual aid association, although it does engage in trade union activity, in politics, cooperative organisation and mutual aid. But it is much more than that. The Histadrut is a covenant of builders of a homeland, founders of a state, renewers of a nation, builders of an economy, creators of culture, reformers of society. And this covenant is based not on a membership card, not on legislation, but on a common fate and destiny – a commonality for life until death (Shindler, 2013, p. 22).

The Histadrut was formed by members of the Zionist left as an organisation of workers (see Diagram 1). It was simultaneously a trade union, employer in many sectors, and provider of social services. Until the 1980s almost 70% of Jewish employees in Israel belonged to this organisation. Originally, the Histadrut was active in four major areas: trade union activity; cultural and social activity (sports, newspapers, magazines, films, women's organisations); entrepreneurial activity (including various co-operatives, financial institutions, manufacturing); and activity bordering on public sphere (educational system, insurance, medical services) (Plunkett, 1958). The significant role of the Histadrut in social policy resulted in the creation of two sub-systems of the welfare state emerging in the 1920s. On the one hand, it was the Histadrut itself as a key factor for the creation of the social dimension of the Jewish state, providing social security, healthcare, unemployment benefits, professional counselling, or subsidised housing. The second element of the system was the pre-state political institutions, such as, for example, the Jewish National Council (Heb. *Va'ad Le'umi*) or the institutions of the Zionist movement that residually and selectively operated local social programs for the sake of Jewish communities in danger of poverty. These programs included such elements as healthcare, educational, and residential services. Both sub-systems were controlled by Mapai dominant both in the pre-state period and later (see Diagram 1).

With the subsequent waves of Jewish immigration to Israel (Heb. *aliyah*), the significance of social policy increased, as the immigrants' dependence on Israel's public institutions grew. This enabled the state to organise residential areas in the state's peripheral zones as a way to attain both social and geo-political goals. By dispersing immigrants throughout almost the whole territory of Israel, it was possible to make use of the hitherto unoccupied land and to foster social and economic development of this group. Another way to ease the socio-economic costs of immigration, including low wages offered to immigrants, was through programs of employment costs benefits, which ensured that this social group would be given minimal income and thus nullified the economic discrepancies present on the job market.

The Israeli welfare state came of age at the beginning of the 1950s. The Histadrut still played a key role in Israel's social policy, especially in healthcare and the pension

system (see Diagram 1). Linked with the Histadrut, the non-state Sick Fund offered health services to the majority of Israeli employees. Similarly, the pensions for members of the Histadrut were higher than state pensions (paid on the basis of the social insurance law of 1953). It was in the 1950s that the first state insurance programs were introduced, and the National Insurance Institute of Israel (Heb. *Ha-Mossad Le-Bituach Leumi*) was founded as a public institution that served as an organisational and administrative basis for the development of the Israeli social insurance system. In 1953 the first program of child allowances was established, paying monthly benefits to the parents of Israeli children:

It was aimed at improving the life conditions of the large Jewish families from Oriental origin, in this way neutralizing political threats to the Labor Party that might emerge due to the harsh socioeconomic situation of this population. As a consequence of the program’s gradual extension in terms of both coverage and benefit levels during the 1960s and 1970s, the child allowances scheme eventually became a central component of the Israeli welfare state, contributing significantly to the reduction of poverty rates, especially among the Jewish population (Rosenhek, 2002, p. 21).

During this period, state institutions were strengthened as a major agent in managing the economy, immigration and settlement, industry, as well as social and residential

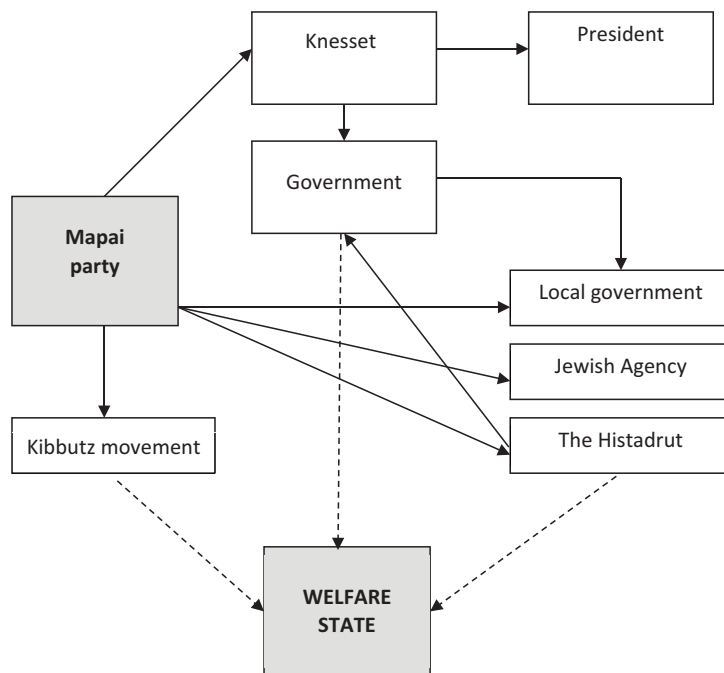


Diagram 1. The system of the impact of Mapai (Workers’ Party of the Land of Israel) on the Israeli welfare state until the 1970s

policy. A highly politicised and strictly regulated economy arose (based on state subsidies) with a dominant public capital and a much smaller private capital. Michael Shalev called it “the system of 1948,” referring to the functioning of the state (including the ruling Mapai party) as the headquarters managing the society and economy – and not the other way round (Shalev, 1992) (see Diagram 1).

Due to increased industrialisation, economic boom, and the stabilisation of the international situation, the 1970s was the golden era of Israeli’s welfare state. Economy-wise, the biggest progress was made in the industry, which became the main tool for employing immigrants, especially in the production of metal, machinery, chemicals and fertilisers, copper and phosphates, as well as in the electronic industry. At that time Israel started manufacturing items such as paper, tires, radios and refrigerators, which had to be imported before. New maritime ports in Ashdod and Eilat were created, while the trade fleet grew to over 100 vessels (Chaczko, et al., 2018). Defence expenses increased systematically, and their substantial part was directed by state institutions into the Israeli industry, exerting an influence on the state of the economy. The GDP in 1972 was almost 80% higher than the GDP in 1966 (Barkai, 2007). This enabled state institutions to invest in the welfare state. It was believed that the state would safeguard social stability by reducing socio-economic tensions and by integrating immigrants and other underprivileged groups with mainstream Israeli society. In practical terms, existing social programs were expanded at that time and new projects were introduced, including those of a state-wide character. For example, child allowance was increased, while in 1972 state unemployment benefit was introduced for the first time in Israel (Gal, 1997). The process of broadening the state’s social functions is perfectly illustrated by the data on the increase of social spending: in 1970 social spending amounted to 13% of GDP, to reach 20% a decade later (Doron, 1985). Exerting almost total control of economy (centralisation) and indicating social directions of development (community, pioneering), the Israeli state was also fully responsible for its citizens’ social security. Socio-political life at that time thus had a socialist-collectivist dimension and, in this respect, resembled the welfare states of Central and Eastern Europe.

The road to the post-socialist-collectivistic welfare state in Israel

As a result of the Six-Day War, a new reality started to be shaped, known as “the system of 1967” (Shalev, 1992), which radically transformed the key elements of the Israeli state. In the 1970s the structure of the Israeli economy and labour market became progressively more dualist. Private capital slowly entered various sectors of the economy, nominally controlled by the state or by the Histadrut, and was often related to the dynamically developing military industry (Shalev, 1998). In the mid-1970s the Israeli economy was in crisis. At that time annual inflation rate grew from 35% in 1977 to the staggering 400% in 1984. There were a few reasons for such a state of affairs. On the one hand, it was a result of another war – Yom Kippur – and the petroleum crisis, when the decisions of crude oil manufacturers resulted in an almost five-fold increase in the price. On the other hand, defence expenses continued to increase, exerting

a heavy burden on the state’s budget, using as much as 25–30% of GDP (Barkai, 2007). What is more, in 1977 Mapai’s rule came to an end, while liberal-conservative groups rose into power, and they were not interested in the development of social programs at the heart of the welfare state. The winner of the 1977 parliamentary elections – the coalition Likud (composed of the conservative party Herut and the Liberal Party) emphasised the necessity of economic reform:

During its long years of reign the Labor Party (...) established an economic system that is an unsuccessful mixture of capitalism, socialism, and anarchy whose aim was to perpetuate the control of the ruling Labor Party (...) The Likud Party will aspire to establish a free market economy, based on efficiency, entrepreneurship and competition. The Likud Party will reduce the level of government and public establishment’s involvement in the economic activity and endeavor to gradually decrease government supervision of economic activity (Zilberfarb, 2005, p. 15).

And this is precisely what happened. On October 28, 1977 the new government headed by Prime Minister Menachem Begin (the first government without a left-wing party in it) (Shindler, 2015) proclaimed “an economic revolution,” which in the first place amounted to the liberalisation of the foreign exchange market. That constituted the beginning of a transition to laissez-faire economy. As far as social policy is concerned, social allowances were lowered, the criteria for granting them were toughened, some social services were privatised, and the role of the Histadrut was significantly restricted. The organisation was forced to sell its numerous economic assets, and was deprived of its healthcare and pension schemes, thereby losing its dominant position in the healthcare and social security systems (Grinberg, 2017). As a result, the Histadrut membership decreased from 1.5 million in the mid-1980s (approximately 75% of the workforce) to 700,000 (circa 30% of the workforce) at the beginning of the 21st century (Barkai, 2007). The socialist-collectivistic doctrine – or, to use Uri Ram’s terminology, “a quasi-socialist socio-economic thought” (2008) – that had dominated Israeli society before was slowly pushed out by the free market and individualism.

Another turning point for the development of the Israeli welfare state (after 1968 and 1977) was 1985, when as a result of the elections held a year before a political balance was achieved between the left-wing Labour Party and the right-wing Likud Party (44 and 41 members of parliament, respectively, out of 120 members altogether). The only way to form a government was through the government of national unity, whose chief aim was the stabilisation of economy then bordering on collapse (with inflation reaching 400%). Ben-Zion Zilberfarb notes that the reason was the necessity to cut the budget deficit, but there were two additional factors that have contributed to the emergence of consensus about the need to move to a free market economy and reduce the level of government involvement in economic activity:

- (i) one factor was the collapse of the communist countries which had formed the USSR. It gave further legitimacy and support to the argument for a reduced role for the government in the economy;

(ii) a second factor was the economic difficulties faced by the companies owned by the Histadrut (Zilberfarb, 2005, p. 17).

In 1985 Israel initiated a plan for economic stabilisation. Product price-control mechanism was abolished, governmental spending and debt were restricted (state subsidies were terminated), privatisation programs were introduced, the income system was controlled, the currency was devalued, and a *laissez-faire* foreign exchange policy was enforced (Manos & Gidron, 2021). Sami Peretz (2018) describes Israel's transformation from a socialist to a capitalist economy in 1985 as the most important moment in the state's economic history. Naturally, also the state's involvement in social affairs was significantly limited. For example, the government's spending on education decreased from 86% of all costs in 1980 to 74% in 1987; healthcare system expenses were lowered from 51% of total costs in 1985 to 45% in 1990 (Manos & Gidron, 2021). In turn, in the public service sector, many positions in administration and social services were liquidated, whether through the elimination of the status of civic service or through the consignment of their tasks to agencies of temporary employment and sub-contractors (Mundlak, 2017). In this context, the scholars of the evolution of the Israeli social policy mention the process of "welfare state retrenchment":

Welfare state retrenchment was concentrated on programs that support economically vulnerable sectors: child allowances (especially beneficial to two large and poverty-prone minorities, Arab citizens and ultra-Orthodox Jews), minimum income and other selective benefits to the needy, and housing assistance. Together these types of benefit went from accounting for one-quarter of social spending in the mid-1990s to only one-tenth today. The slack was taken up primarily by public employee pensions and a range of 'loyalty benefits' by which the state compensates specific categories of citizens for contributing to highly valued national priorities, most notably in the military sphere but also related to Jewish immigration and memorializing the Holocaust (Mandelkern, & Shalev, 2018).

The Israeli welfare state was shrinking, but the state was developing economically. The 1990s was a period of systematic increase in Israel's GDP, with the apex of 7.5% in 2000. The unemployment rate at that time was about 10%. When in the mid-1990s the era of Prime Minister Benjamin Netanyahu started (he served as Prime Minister in the years 1996–1999 and 2009–2021), neo-liberal tendencies strengthened, based on the American economic model characterised by individuality, competition, and private property. As a staunch supporter of free market and a limited role of public administration, Benjamin Netanyahu embraced existing global economic trends: he lowered corporate taxes, continued cuts of social allowances, and dismissed four thousand governmental employees. He also privatised the state airline El Al, the state shipping company Zim, and the telecommunications giant Bezeq (Pfeffer, 2018). Social spending decreased in comparison to the 1970s, when it amounted to over 20% of GDP. In 2019 Israel's social spending totalled 16.3%, significantly less than the average for the OECD countries (20%) and over two times less than for the leaders of social spending, i.e., France and Finland (see Table 2). Israel became a post-socialist-collectivistic welfare state inasmuch as it was an era of the dominance of ultra-liberalism and globalisation processes, which Uri Ram

Table 2. Social spending (public, % of GDP, 2019)

COUNTRY	% OF GDP
France	31.0
Finland	29.1
Denmark	28.3
Germany	25.9
Sweden	25.5
Poland	21.3
UK	20.6
OECD – total	20.0
Czech Republic	19.2
United States	18.7
Hungary	18.1
Slovak Republic	17.7
Switzerland	16.7
Israel	16.3
Colombia	13.1
Korea	12.2
Turkey	12.0
Chile	11.4
Mexico	7.5

Source: OECD data

summed up by enumerating the following tendencies noticeable in Israel: polarisation, postfordisation, Americanisation, McDonaldisation, and postnationalisation (Ram, 2018).

Conclusion

Sami Peretz suggests that Israel would not have survived the difficult (wartime) beginnings of its statehood without a strong community and solidarity created by the socialist welfare state and the government’s strong involvement in economic and social life. By the same token, Israel would not have survived until the present time, had it not replaced its youthful romanticism with a pragmatic socio-economic policy (Peretz, 2018). One may disagree with this statement, but there can be no doubt

that the Israeli welfare state evolved from a socialist-collectivistic to a liberal welfare state, with one of the lowest social spending rates out of the most developed states of the world (OECD).

As shown above, the development of the socialist-collectivistic welfare state in Israel had political and ideological reasons. Mapai party, dominant in the pre-state period and then in 1948–1977, worked hard to socialise and mobilise Jewish immigrant masses by taking care of their social needs (in exchange for their electoral support). Thanks to its rootedness in the state and other institutions (the Histadrut), the party was able to shape the functions of these institutions in the manner characteristic of the socialist-collectivistic ideology. On the other hand, in accord with the statist and socialist tendencies dominant until the 1970s, Mapai construed the image of an Israeli as a pioneer who values collective good over individual good. The transformation of the socialist-collectivistic welfare state, in turn, was spawned by economic and ideological factors. The economic crisis of the 1970s and 1980s led to the reevaluation of Israel's social policy, as it was decided that guaranteeing social security was becoming an excessive burden on Israel's domestic economy. There was a substantial departure from the previous model of social policy towards the American model, characterised by the restricted role of the state in providing social services, selective access to services, and – in general terms – leaving social security in the hands of the citizens themselves, who in turn are dependent on the forces of the market in this respect. This was related to the political dominance of the conservative-liberal party (Likud) and neo-liberal politicians (Benjamin Netanyahu).

Naturally, Israel's welfare state continued to offer its citizens basic social services and benefits. However, low social spending and limited access to various social programs weaken the social policy's ability to efficiently tackle poverty and inequality in Israeli society (Shalev & Gal, 2018). Despite economic prosperity, many social groups in Israel are marginalised and social inequalities increase (Chaczko, 2014), as suggested by the country's high Gini index (0.42 in 2010; 0.37 in 2018).

On account of the character of the Israeli welfare state analysed in this article, it is not fully legitimate to compare it to communist welfare states, especially if one takes into account the criteria developed by Tomasz Inglot (2018) and discussed at the outset of this article. Israel was not a communist state, where patterns developed in Soviet Russia would be deployed. The adaptation of leftist values to the Zionist-Israeli conditions resulted in a creation of a welfare state of a rather unparalleled specificity: it was a socialist-collectivistic-national model functioning within a democratic system and influenced by an ongoing migration to Israel.

Nevertheless, one may note a certain similarity of the Israeli welfare state to a general trajectory of transformation in the social policy of Central and Eastern European states, as these countries have in recent years moved from real socialism to liberalism or a liberal-conservative hybrid (Bohle & Greskovits, 2007; Szikra & Tomka, 2009). In Israel's case, in turn, as argued above, the pioneering ethos of collective work was replaced by Western capitalist culture, while the traditional values present in the Israeli society since the Zionist times, i.e., equality, solidarity, and collectivism, were superseded by values typical of liberal orientation, namely individualism, market competition, and private property. Thus, a general conclusion may be formulated

that the transformations of welfare states do not necessarily respect state or continent borders but are likewise contingent on global trends in social policy operative at a given time.

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Pensions in 30 years

Abstract

The paper presents a variant calculations simulation of the shaping of pensions in Poland from the perspective of the next 30 years. The predicted amount of pensions and the range of charging GDP with pension expenditure as well as the future replacement rate.

The run of analyses shows that depending on the dynamics of the future economic growth, and assuming that the range of charging GDP with pension expenditure would remain at least at the same level, it would be possible to systematically increase the real level of pensions at least 1.7 times, or even 2.98% times. Any potential increase in the range of charging the GDP would lead to an appropriate growth of the real value of pensions, even 3.72 times.

However, the relative level of satisfaction with retirement needs, with an increase in average wages would decrease because of demographic processes and in the 2050s it could reach even the level of 31.7%. It means that maintaining the replacement rate at the current level will require an increase in charging GDP from the current 11.2% to over 16% in 2050.

Keywords: forecast, replacement rate, retirement needs, GDP burden rate

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Introduction

In the last few decades, in many countries of the world, processes of reforming traditional (i.e. insurance and solidarity) pension systems, developed in the second half of the 19th and 20th centuries, have been observed. In Poland, such a reform was carried out in 1999. More broadly, these reforms have shifted from defined benefit PAYG schemes to defined contribution-funded schemes. Of course, in the practical solutions used in individual countries, we rarely deal with pure systems based entirely on one of these principles. However, most of the reforms initiated by the 1980 Chilean pension system reform were either to completely abolish or at least severely limit, the role of the pay-as-you-go system in shaping future pensions and introduce the system as an important, and even essential, part of the public (or backed by state) of the capital system². In Poland, in the reform of the pension system carried out in 1999, it was expressed in the transition to the funded mechanism under the public pension system implemented by the Social Insurance Fund (FUS, *Fundusz Ubezpieczeń Społecznych*) and the Social Insurance Institution (ZUS, *Zakład Ubezpieczeń Społecznych*), and in the creation of a compulsory private capital system managed by the Universal Pension Societies (PTE, *Powszechnie Towarzystwa Emerytalne*) and Open Pension Funds (OFE, *Otwarte Fundusze Emerytalne*) created by them. The main reasons for the departure of the structure of pension systems from PAYG insurance systems based on the defined benefit scheme indicated difficulties in sustaining these related systems financially, on the one hand, to the change in the demographic situation of modern societies³ (Iwanicz-Drozdowska & Malinowska-Misiąg, 2014) and, consequently, the increasing burden on public finances, and, on the other hand, to the need and possibility of using funds accumulated on pension funds to finance capital needs of the economy⁴.

More than 20 years after the introduction of these reforms, another proposal to change the entire system appears in Poland (after the reduction of the part of the contribution transferred to OFE in 2011 and the transfer of a significant part of the funds accumulated in OFE from OFE to ZUS in 2014), leading to the elimination of the obligatory so-called the second pillar, which includes OFE and its partial replacement by the system of Individual Retirement Accounts (IKE, *Indywidualne Konto Emerytalne*) system⁵. This change seems to be part of the exacerbation, also observed on a larger scale, or a serious limitation of pension reforms consisting in the privatisation of

² The directions of changes in the pension supply systems are discussed, among others, in OECD reports (OECD, 2015).

³ Demographic changes and their economic consequences on a global scale are discussed in: Vollset, et al., (2020), and with regard to EU countries in: European Commission (2021b). Hence, the impact of the aging of the population on the shape of the pension system in Poland is described by: Iwanicz-Drozdowska & Malinowska-Misiąg (2014).

⁴ Góra pointed out the increase in the burden of retirement expenses resulting from demographic changes (see: Góra, 2005). On the other hand, Oręziak points to the benefits that the capital market, and in particular, the international financial corporations operating on it, gain as a result of the pension system reform (see: Oręziak, 2014).

⁵ About the social consequences and threats to the IKE system see: (Tomidajewicz, 2019).

pensions and their basis on capital systems with defined contribution⁶. The abandonment of pension systems based on capital principles is related primarily to the threats they pose both to public finances and to the possibility of ensuring decent pensions to citizens who are about to end their working age.

At the same time, however, it raises the question of social and economic policy: **on the basis of what principles can and should the existing pension systems be reconstructed?** At the same time, these modern pension systems should ensure the fulfillment of two basic conditions: the first is to enable the basic goal of any pension system, which is to provide retirees with an income to meet their socially legitimate needs. The second principle is that the pension system that meets social needs does not cause threats to the economic balance, and to the balance of public finances⁷.

In the previous research on the possibility of shaping future pension benefits, most of the considered scenarios and forecasts are based on the adoption of specific assumptions regarding the shape and nature of the pension system. In particular, these studies assume that the current mechanism for collecting pension contributions will be maintained, as well as the subjective scope and rules for calculating the amount of pension rights⁸. Such assumptions are adopted both in the forecasts of FUS receipts and expenditures⁹ as well as in the reports prepared by the European Commission on the consequences of the aging of the EU population¹⁰. Contrary to this approach, in the further part of this article, when analysing the possibilities of meeting pension needs in the future, the construction of the pension system will be omitted, which we will treat here not as an external data determined by the socio-political system functioning in a given country (in our case in Poland), but as a specific result variable that should be shaped in such a way as to enable it to achieve the goals set for this system¹¹. This

⁶ As Oręziak points out, many countries are currently withdrawing from the previously implemented reforms privatising their pension systems. In particular, see: Chapter 4 *Privatization of pensions in the light of the experiences of various countries* in: (Oręziak, 2021).

⁷ Even in the studies of the World Bank, traditionally in favour of the marketisation of pension systems, there is a growing awareness that „the core objectives of country pension systems (is)-protection against the risk of poverty in old age and smoothing consumption” (Holzmann, et al., 2008, p. 4).

⁸ See also: Lefebvre (2007).

⁹ In the FUS projections, the subject of the projection is limited to a part of the pension system, as they do not include pensions obtained under the agricultural insurance system (KRUS, *Kasa Rolniczego Ubezpieczenia Społecznego*), and the proceeds from payments to OFE are taken into account only in the part in which they are transferred to FUS accounts, under the mechanism of slider pension system. See: *Prognoza wpływów i wydatków Funduszu Emerytalnego do 2060 roku* (2016), and: *Prognoza wpływów i wydatków funduszu emerytalnego do 2080 roku* (2019).

¹⁰ In these reports (prepared since 2018 by the European Commission’s Directorate-General for Economic and Financial Affairs) nationally differentiated systems of collecting contributions and paying out pensions are taken into account for each country, which on the one hand allows for taking into account the specific legal and institutional conditions existing in each country, but on the other hand may lead to the lack of full comparability of the obtained indicators. See: European Commission (2021, p. 92 and next).

¹¹ In the study of the World Bank referred to here (Holzmann et al., 2008, p. 3–4), when discussing the goals of reforming pension systems, it is indicated that: *The primary criteria are the*

strategy is close to the methods used in international comparisons, when, in view of the diversified construction of national pension systems, the share of pension expenditure in GDP or in total expenditure on social benefits is used as a comparable measure.

The purpose of this article is to investigate what possibilities of meeting the indicated expectations exist in Poland. The basis for answering this question will be hypothetical accounts of the future capacity of the Polish economy to meet retirement needs. They will be carried out on the basis of available demographic forecasts and forecasts about the future development of the GDP and income of the society. We will take the year 2050 as the horizon of our considerations. This means that we will try to define the possibilities of meeting the retirement needs of the generation currently in the initial period of professional activity.

Methodological assumptions

When examining the future possibilities of meeting the retirement needs, as the basic assumption of our analysis, we will assume that they will be a consequence of how much of the future GDP can and must be allocated to meet them.¹² Thus, our considerations will basically ignore the issues of institutions and mechanisms for acquiring and accumulating funds for retirement purposes, as well as the rules for determining the amount and forms of their payment to people who, due to their age, have ceased professional activity.

Therefore, the following statement regarding the division of GDP available in a given period is the starting point in our considerations:

$$\text{GDP}_t = I_t + K_t$$

$$\text{when } K_t = K_0 + E$$

in which:

I_t – investment outlays in the economy in the year t

K_t – overall consumption in the year t

K_0 – current consumption of the working-age population, financed by income from labour, capital and social transfers

E – the global amount of pension funds earmarked for consumption by the inactive population due to age.

ability of the reform to maintain adequacy, affordability, sustainability, and robustness while achieving welfare-improving outcomes in a manner appropriate to the current and expected environment of the individual country: Once a system and/or reform has been assessed in relation to the primary criteria, secondary evaluation criteria should be considered to evaluate the system's contribution to output and growth.

¹² The broader justification for accepting the share of funds earmarked for meeting pension needs in the total GDP as a key factor in determining future pensions is included in: (Tomidajewicz, 2018). The financial and budgetary consequences of an aging population are also discussed in the report of the European Commission on this issue. See: (European Commission, 2018).

The basic component E is income from pensions, regardless of whether it comes from a solidarity or funded system, or directly or indirectly financed from the state budget. The global amount of pension funds may also include institutionalised and non-institutionalised social transfers in the form of public social welfare benefits for people in retirement age and assistance provided to them by charitable institutions and the NGO sector. Due to the difficulties with their statistical determination, they will be omitted in further analyses, as well as informal assistance provided to people in retirement age by their families, which we will treat as a component of their K_p consumption fund. In further considerations, we will also assume that the entirety of the resources that make up the global pension fund is directed to satisfying the consumption needs of pensioners. Thus, we will ignore the fact that also retirees (and more broadly speaking people in post-working age) can save some of their income and spend it either on investments or on supporting consumption of the younger part of society.

The adoption of the above assumptions regarding the structure of GDP means that the basic problems facing us can be reduced to:

1. Determining the desired and feasible in the adopted time horizon the scale of burdening GDP with the global pension fund, expressed in the E / GDP ratio = e , which we define here as the GDP burden rate;
2. Examining what and to what extent will depend the ability of the Polish economy to create a pension system allowing for the provision of income to retirees allowing for satisfying their socially justified needs.

Economic growth forecast

When conducting the economic growth account from the perspective of nearly 30 years, we will use the average GDP growth rate measured in constant prices in previous periods as its basis. In the Polish conditions, we will assume three variants of the average index of GDP growth in constant prices in the long run¹³, which is the basis for further forecasts:

GDP_{v1} as the average for the period 1995–2020, which amounted to **103.977**
 GDP_{v2} as the average for the period 1990–2020, which amounted to **103.054**¹⁴
 GDP_{v3} = **105.0**, which can be considered as the desired value.

¹³ The variants of future economic growth adopted here are based on the simplest possible assumption of continuation of the current trends in this respect. Many analyses on this issue use models that also take into account the causal determinants of growth processes. In particular, the consequences of demographic changes, including migration processes, as well as technical and technological changes are taken into account. However, this would require a separate treatment, going beyond the main subject of this study.

¹⁴ The above average GDP growth rates were calculated as the arithmetic average of GDP growth calculated in constant prices compared to the previous year. This means that using them to predict the future size of GDP allows them to be determined in constant prices by 2020 as the base year.

Variant 1, based on the average growth rate from 1995–2020, seems to be considered realistic, as it covers both periods of good economic conditions in the years 1995–1998, 2004–2007 and 2015–2018 and its slowdown in 2001–2003, 2009–2010 and the Covid-19 collapse in 2020.

Variant 2, based on the average growth rate from the entire post-transformation period (1990–2020), due to the inclusion of the extraordinary transformation crisis of 1990–1992 in it, we will treat as pessimistic, allowing for a deep economic downturn in the future.

Variant 3, is an optimistic option instead, assuming an acceleration of the average growth rate to 5% in the future. The justification for adopting this figure may be the fact that in the last 30 years Poland has recorded an annual growth rate exceeding 5% eight times. This means that in periods of favourable international economic conditions and with the activation of internal development factors, it is possible for the Polish economy to achieve a growth rate even significantly exceeding the value of 5% adopted here. However, considering that from the perspective of 30 years there will be also periods of economic slowdown, we arbitrarily assumed the 5% GDP growth rate as optimistic, but within the scope of the potential possibilities of the Polish economy. Of course, the implementation of this variant is based on the assumption that new development mechanisms will be launched in the Polish economy, based on new technical and organisational solutions, allowing for a high increase in labour productivity and thus increasing its competitiveness based on factors other than low labour costs. This option also assumes that the driving force behind development will be in the future structural changes resulting from the transition to a zero-emission economy and the implementation of the EU climate policy.

However, we will not consider here the most pessimistic variant of future economic growth that could be based on the long-term forecast prepared by the OECD¹⁵ by 2060 also for the Polish economy. The decline in GDP per capita growth rate to 1.3% assumed in this forecast after 2030 is mainly a consequence of the decline in the working-age population and the resulting problems in the labour market. Without disregarding the related threats, one should take into account the potential possibility of mitigating them through an appropriate and properly timed migration policy. This, in turn, would require separate analyzes, going beyond the main subject of this study.

With the above assumptions, the development of future GDP in the three variants considered here is presented in Table 1.

¹⁵ According to this forecast, the potential average annual growth of GDP per capita in the years 2030–2060 is expected to amount only to 1.3% in Poland. See: (Lipka, 2018) and (Guillemette & Turner, 2018).

Table 1. GDP forecast in million PLN (constant prices in 2020)

No.	Description	2020	2035	2050
1.	GDP v_1	2 326 656	4 176 356	7 093 974
2.	GDP v_2	2 326 656	3 652 850	5 736 905
3.	GDP v_3	2 326 656	4 839 444	10 055 807

Source: Central Statistical Office of Poland (GUS, Główny Urząd Statystyczny) data and own calculations

Burden of income with retirement expenses

Assuming that the amount of burden on the economy with retirement expenses in a synthetic way determines the share of retirement and disability pensions in GDP, it is tempting to calculate the amount of funds that may be allocated in the future to meet the needs of retirement and disability pensions. The current trends in expenditure on retirement and disability pensions in Poland and the EU¹⁶ countries are presented in Table 2.

Table 2. Burden with pension expenditure in selected EU countries (in% of GDP)

	Countries	2010	2015	2019
1.	European Union – 27 countries (from 2020)	13	13.1	12.6
2.	Poland	11.8	11.6	10.9
3.	Denmark	12.6	13.5	12.6
4.	Germany	12.4	11.8	11.9
5.	Italy	15.4	16.4	15.9
6.	France	14.4	15.1	14.7
7.	Czech	8.8	8.6	8.3
8.	Ireland	8.1	5.8	5.0
9.	Hungary	10.6	8.5	7.3
10.	Greece	14.9	17.8	16.1

Source: *Pensions* (2022)

¹⁶ The data for Poland and the entire European Union are of fundamental importance for our considerations here. On the other hand, information on the level of the burden rate in other countries has been selected in such a way as to show the scale of its variability, from the lowest amounting to 5% in Ireland to the highest amounting to nearly 19% in Greece.

Based on information from the GUS, we can supplement this data with the amount of expenditure on pension purposes in 2020, amounting to 11.2% of GDP in Poland.

As these data indicates, the rate of burdening the economy with expenditure for retirement purposes in Poland was only slightly lower than the EU average. At the same time, it was clearly lower than in countries such as France and Italy (not to mention Greece, which is the record holder in this respect) and much higher than in Ireland, which spends relatively the least on pensions, or in Hungary. Of course, the degree of burdening the economy with pension expenditure in individual countries depends on the one hand, on the changing demographic structure, and on the other, on the pension systems operating there. However, the data presented here show the acceptable scale of variability of this load. It seems that the burden on the average European level (12–13%), and even as high as 14–15% in France, does not have to pose serious threats to the economic situation and the fiscal balance of the country. As a consequence, in further analyses we will adopt two variants of the rate of burdening GDP with pension expenditure. With the first of them, in the future it will be at the level achieved in 2020, i.e., $e_1 = 11.2\%$, while in the second variant it will be increased to (although exceeding the European average, but still seems safe) $e_2 = 14\%$. With these assumptions, the funds that Poland will be able to allocate for retirement expenses are presented in Table 3.

The amount of pensions and the replacement rate depending on the burden on income with pension expenditure

By adopting the previously calculated funds that can be allocated in the economy to meet the needs of retirement, it is possible to try to determine how it will affect the average amount of pensions and the future average replacement rate. And the amount of future pensions will depend on the number of people using pension funds, resulting mainly from demographic phenomena, and on the adopted regulations defining the retirement age. In further analysis, we will assume as the basis for calculating the future financial situation of pensioners that the funds the economy can allocate for retirement purposes will serve to satisfy the needs of all people in retirement age. According to the population demographic forecast for 2014–2050 by the GUS, the Polish population in post-working age will amount to **10,193 thousand** in 2035 and **12,404 thousand** in 2050¹⁷. The amount of pensions that will be possible in this demographic situation depending on the future pace of economic growth and the degree of burdening GDP with pension expenditure is presented in Table 4.

Table 4 shows that even with the pessimistic forecast of economic growth and the maintenance of the current rate of burdening GDP with pension expenditure, despite the growth of the post-working age population resulting from the demographic forecast,

¹⁷ In the GUS forecast, in accordance with the earlier legal framework, restored after attempts to raise it, the age of post-producer was assumed to be 60+/65+ years (*Prognoza ludności na lata 2014–2050*, 2014). It should be noted here that in ZUS statistics and analyses the amount of the average old-age pension is calculated as the quotient of the sum of benefits paid and the number of beneficiaries, which slightly differs from the number of people in post-working age.

Table 3. Retirement expenses depending on the GDP growth rate and the burden rate

No.	Description.	2020	2035			2050		
			$v_1 = 3.977$	$v_2 = 3.054$	$v_3 = 5.0$	$v_1 = 3.977$	$v_2 = 3.054$	$v_3 = 5.0$
1.	GDP – in PLN million	2 326 656	4 176 356	3 652 850	4 839 444	7 093 974	5 736 905	10 055 807
2.	Total pension expenditure in million PLN if $e_1 = 11.2\%$	260 558	467 752	409 119	542 018	794 525	642 533	1 126 250
3.	if $e_2 = 14.0\%$	x	584 690	511 399	677 522	993 156	803 167	1 407 813

Source: GUS data and own calculations

Table 4. The expected average monthly retirement pension per 1 person in post-working age in PLN (at constant prices in 2020)

No.	Description	2020	2035			2050		
			$v_1 = 3.977$	$v_2 = 3.054$	$v_3 = 5.0$	$v_1 = 3.977$	$v_2 = 3.054$	$v_3 = 5.0$
1.	GDP growth index							
2.	Pension in PLN with $e_1 = 11.2\%$	2542.56	3 824.1	3 344.8	4431.3	5 337.8	4 316.7	7566.4
3.	Pension Growth index 2020 = 1.0	1.0	1.50	1.32	1.74	2.10	1.70	2.98
4.	Pension in PLN with $e_2 = 14.0\%$	x	4780.2	4181.0	5539.1	6672.3	5395.9	9458.1
5.	Pension Growth index 2020 = 1.0	1.0	1.88	1.64	2.18	2.62	2.12	3.72

Source: Own calculations based on GUS data

the Polish economy will be able to ensure a relatively small but constant increase in real value by 2050. the average old-age pension, which, in 2050, in the worst case will amount to 1.7 of its level from 2020. Of course, the real value of future pensions may be significantly higher in the event of accelerating economic growth and/or increasing the burden of pension expenditure on GDP. In the most favourable variant for pensioners, this will allow, compared to the state from 2020, for an almost four-fold (3.72) increase in the average old-age pension in 2050 in real terms. As already emphasised earlier, we assume here that the most important and ultimate goal of the operation of pension systems is to provide retirees with an income that allows them to meet their socially legitimate needs. The degree of achievement of this goal is determined, on the one hand, by the absolute amount of retirement benefits (as shown in Table 4), but on the other hand, for the social feeling that retirement needs are satisfied, the relative level of satisfaction of these needs, which is most often measured by the replacement rate, is no less important. According to its classic definition, the replacement rate determines the ratio of the received old-age pension to the remuneration that the pensioner received before leaving his or her professional activity. However, due to the availability of relevant statistical data, in further analysis we will use a measure that determines the ratio of the average pension to the average remuneration in the national economy in a given year¹⁸. This means that in order to calculate the possible amounts of the replacement rate in the future, it is also necessary to adopt certain assumptions as to the future level of wages in the national economy. We will assume somewhat arbitrarily that the level of average wages in the future will grow at the same rate as GDP growth. From the point of view of employees, often represented by trade unions in wage negotiations, an alternative postulate is to shape wages proportionally to the increase in social labour productivity. However, despite the importance of social arguments for such wages, in further analyses (due to the difficulties in forecasting an increase in social labour productivity) we will limit ourselves to the hypothesis that wages will increase at a rate corresponding to GDP growth. With such assumptions, the level of wages, depending on the expected rate of economic growth, is presented in Table 5.

Table 5. Forecast of an increase in average wages (PLN/month) in the national economy (at constant prices in 2020)

No.	Description	2020	2035	2050
1.	Salaries V_1 – GDP 3.977	5521.02	9910.2	16756.3
2.	Salaries V_2 – GDP 3.054	x	8668.0	13614.8
3.	Salaries V_3 – GDP 5.00	x	11478.2	23861.8

Source: Own calculations based on GUS data

¹⁸ In a similar way, the replacement rate is defined, inter alia, in the study of the Pension Institute experts who write: *In order to be able to calculate the value of this ratio, the average amount of the newly awarded pension should be divided by the amount of the average monthly salary in the enterprise sector without payments from profit in December of a given year* (Kolek & Sobolewski, 2021).

The adoption of these assumptions makes it possible to calculate the replacement rate for the three variants of the ceiling of the burden on the economy with pension expenditure. It should be noted here that in view of the constant dependence between the increase in wages and the increase in GDP and between it and the increase in the pension burden, the adopted GDP growth rate does not affect the amount of the replacement rate and it depends only on the rate of burden and the number of people in post-working age, determining the given contribution to GDP by the amount of the average pension. These options are:

- $e_1 = 11.2\%$, i.e., the maintenance of the burden rate recorded in 2020 in the future
- $e_2 = 14.0\%$, i.e., raising this burden to a rate considered high but not posing a threat to the economic equilibrium
- $e_3 = 16.2\%$, i.e., a level that ensures that the replacement rate is kept at the initial level of 46% in 2050.

The respective sizes are presented in Table 6.

Table 6. Variants of the replacement rate formation (in% of the average wage in the economy)

No.	Description	2020*	2035	2050
1.	if $e_1 = 11.2\%$	46.0%	38.6%	31.7%
2.	if $e_2 = 14.0\%$	x	48.2%	39.6%
3.	if $e_3 = 16.2\%$	x	55.3%	46.0%

* – real data from 2020

Source: Own calculations based on the data from the previous tables

As can be seen from the values presented in Table 6, with the assumptions made here regarding the growth rate of average wages, equal to the GDP growth rate, and the amount of pensions being the quotient of funds allocated to retirement and the number of people in retirement age, it decreases with the increase in the population of people in post-working age, and may increase as a result of an increase in the share of pension expenditure in GDP. As a result, with the assumptions adopted here, it will be possible to maintain or even a certain increase (from 46% to over 48%) in the replacement rate until 2035, provided that the rate of burdening GDP with pension expenditure is increased to 14%. Alternatively, even such an increase in the burden rate does not guarantee that the current average replacement rate will be maintained in the 2050 horizon.

If we assume that the desired replacement rate in 2050 should be within the standards suggested by the ILO and not lower than today, i.e., approx. 46%¹⁹, the necessary level of the burden rate on GDP should increase to over 16%.

¹⁹ We take into account that the current level is 46%, and the minimum replacement rate postulated by the ILO should be at least 40%. See: (*Konwencja Nr 102 Międzynarodowej*

Conclusions

The simulation calculations of the amount of future pensions in the next 30 years, i.e., for 2035 and 2050, carried out here show that depending on the pace of future economic growth, while maintaining at least the current rate of burdening GDP with pension expenditure, it will be possible to systematically increase their real level from 1.7 times (at the rate of GDP growth = 3.05%), to even 2.98 times (at the rate of growth of GDP = 5.0%). Obviously, a possible increase in the GDP burden rate will lead to a corresponding increase in the real value of pensions by up to 3.72 times in the case of an increase in the burden rate to 14% with a GDP growth rate of 5%.

Whereas, the relative level of satisfaction of retirement needs, measured by the replacement rate, with an increase in average wages corresponding to the GDP growth rate, will (regardless of the GDP growth rate), as a result of demographic processes, decrease even to the level of 31.7% in 2050. This means that maintaining the replacement rate at the current level will require an increase in the burden of pension expenditure on GDP from the current 11.2% to over 16% in 2050.

The simulations presented here are based on several assumptions that may change as a result of both independent socio-economic processes and the state taking specific actions in economic and social policy. In particular, the future rate of economic growth will have a significant impact on the real level of retirement benefits. On the other hand, the relative satisfaction of retirement needs expressed by the replacement rate, in addition to the GDP burden rate indicated here, will be significantly influenced by the number of people in post-working age. The size of this group adopted in our simulations is a consequence of the adopted demographic forecast and the assumption of the retirement age amounting to 60/65+. However, while the demographic forecast for this age group can be considered close to certainty, the assumption about the retirement age is a consequence of the principles of social policy adopted in Poland and may change along with changes in this respect. Therefore, it should be indicated that any increase in the retirement age, leading to a decrease in the number of people covered by these benefits, will lead to a corresponding reduction in the rate of burdening GDP with pension expenditure, compared to the options presented in our simulations or at the same level of the GDP burden rate, will result in increasing the replacement rate. Alternatively, contrary to the views sometimes formulated in economic journalism, the reduction of the burden on GDP with pension expenditure will not be affected by the size of possible immigration and the related increase in the working-age population. This is due to the fact that we assumed the pace of economic growth as independent of changes in the size of the labour force derived from the working-age population. Some justification for such an assumption may be the fact that the development of Poland to date does not show a clear relationship between the demographic development (in particular of the working-age population) and the GDP growth rate. If, however, it was assumed that the growth or inhibition of the decline in the working-age population was a condition for maintaining or accelerating the GDP growth

rate, then the possible effects of migration processes could affect the feasibility of the variants of the expected growth rate adopted here²⁰. As a consequence, the amount of funds earmarked for meeting pension needs depends directly only on the future size of GDP and the rate of burdening it with pension expenditure. On the other hand, the growth, as a result of migration processes, of the economically active population may lead to an acceleration of economic growth and will also make it possible to reduce the unit burden of working people with the costs of financing pension expenditure.

Compared to most of the forecasts and simulations of the future level of retirement benefits found in the literature, the calculations carried out here show that the demographic processes of population aging do not have to lead to a catastrophic reduction in the level of meeting pension needs and/or an equally catastrophic increase in the burden of the costs of living for retirees on future generations. It seems that the often encountered pessimistic visions of future pensions result mainly from the fact that their formulation is based on the currently existing pension systems, the maintenance of which is threatened by declining contributions and a simultaneous increase in pension needs resulting from the aging of societies. However, if we take into account the possibilities of society growing along with the economic growth, it turns out that ensuring an increase in the absolute level of future pensions becomes fully realistic, and the increase in their relative amount will require increasing the burden of pension expenses on society, but with the increasing level of affluence, the extreme nuisance of these loads should not be excessively severe.

The analyses and simulation accounts presented here completely ignore the problems related to the structure of pension systems, which, on the one hand, would make it possible to obtain funds ensuring an appropriate rate of burden on GDP, and, on the other hand, define the conditions and criteria for distributing these funds among future retirees.

Without going into detailed considerations regarding those issues that require separate consideration, it is worth pointing out, however, that as the main sources of funds to meet retirement needs, they can be used:

- contributions by the economically active to compulsory insurance pension schemes;
- funds from tax burdens earmarked for meeting these needs through the budget;
- or compulsory and voluntary savings accumulated in pension funds by currently professionally active people and directed by these funds to pay pensions to their former participants. At the same time, if the sum of economically active savings turns out to be insufficient to cover pension payments, it may be necessary to liquidate previously accumulated savings at current market prices on the capital market, which, given their greater supply, may cause their prices to fall and the value of their proceeds to be reduced.

When considering the mechanisms of acquiring funds to meet the pension needs and the proportions of their use in the construction of the pension system, it should be emphasised that the least stable and most risky source of these funds will be voluntary

²⁰ The strong dependence of the future growth rate on the demographic situation, and in particular on the share of people in the working age in the population, is shown in: (Guillemette & Turner, 2018, p. 17).

and to a large extent, also obligatory savings accumulated in pension funds. Alternatively, the lowest risk is associated with funds from contributions to the compulsory pension insurance systems. An additional advantage of this method of acquiring funds for retirement purposes is its resistance to possible inflationary threats. Compared to these methods, financing pension needs directly from the budget, on the one hand, is characterised by increased certainty resulting from trust in the state and the obligations it undertakes, but on the other hand, it may be subject to fluctuations resulting from the current political and economic situation, and in particular from the need to maintain a balance public finances.

However, with regard to the issue of the division of funds earmarked for satisfying retirement needs, it should be considered:

1. How to determine the rules and age of obtaining retirement rights? When regulating them, it should be taken into account that any increase in the retirement age, resulting in a decrease in the number of people receiving pensions, will become a way to reduce the level of the necessary rate of burden on GDP or, at the same level of this rate, to increase the replacement rate.
2. To what extent and at what level to ensure a minimum pension provision to all citizens reaching the age that prevents further professional activity (whether, from what age and at what level the minimum is or civic retirement pension)?
3. Whether and to what extent the amount of the old-age pension is to be determined on the basis of the defined benefit, and to what extent its level, based on the principle of the defined contribution, is to be derived from the updated value of the sum of previously made savings? The choice between defined benefit and defined contribution schemes is primarily related to the objectives and assessment criteria of these schemes. If the goal of the pension system is its ability to provide future retirees with a predictable and stable pension, ensuring the satisfaction of their life needs, then defined benefit systems show a definite superiority. If, however, the main goal is to ensure a balance between the revenues and expenses of the pension system itself, treating the amount of pensions as a consequence of its safe (and if it is a private system also profitable and risk-reducing) operation, defined contribution systems are chosen.

From the point of view of the basic goal of creating social security systems, which is to provide retirees with an income that would allow them to meet their socially justified needs, the most advantageous seems to be the pursuit of a socially acceptable increase in the retirement age and, while guaranteeing a universal minimum retirement pension, basing pension systems on the principle of defined benefit.

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On the concept of the deinstitutionalisation of care and the measures taken. Possibilities and limits

Abstract

The article is a voice in the debate regarding the effect of deinstitutionalisation on of the lives of dependent people who require care: children without parental care (foster children and those deprived of their parents' care), people with disabilities and people experiencing mental health crises, and the elderly needing long-term care. The article is both illustrative and review-based. It uses historical knowledge and the results of comparative studies, as well as the knowledge of the practice of the functioning of care institutions for many categories of dependence not only in Poland but also in other countries of Central and Eastern Europe. It draws attention to the limitations of the deinstitutionalisation process and the necessary preparation of local authorities and local communities to create conditions for taking dependent people from large institutions of collective living to smaller ones, open to the support of local social communities. It draws attention to the fact that deinstitutionalisation policy is in fact a long-term process of re-institutionalisation, which may be socially beneficial under defined conditions, but requires investment

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outlays for transformations, renovations and, to some extent, for new investment of social infrastructure.

Keywords: foster care, people with disabilities, people in mental health crisis, older people, deinstitutionalisation

Introduction

The postulate for deinstitutionalising the lives of people with various limitations to living independently who are necessarily placed in institutions for collective housing and care has now become not only a demand for equality from progressive circles but also the direction of concrete action by public authorities.

In the European Union, the move towards deinstitutionalisation is supported in the social policies of the member states by soft regulation tools and Structural Funds measures. This has made the problem of people living in institutions a particularly topical issue for social policy, but also a cause for concern with a certain one-sidedness in posing the problems of dependency/self-sufficiency in people's lives and advocating for appropriate forms of living and care. This is contained in the belief that any institutional form is somehow inferior to any non-institutionalised, family and quasi-family care.

Addressing the topic of deinstitutionalisation, the article considers how to explain this direction in social policy in three contexts: (1) the historical development of institutional care for people unable to live independently, (2) well-established concepts (theories) about the functioning of non-family living and care institutions for dependent people, and (3) the practice of solutions regulating the institutional care system today. Awareness of these contexts makes it possible to assess the possibilities for change and the so-called causal power of the measures taken in the directionally postulated goals.

The article has an illustrative character. It draws on historical knowledge and the results of comparative research, as well as knowledge of the practice of care institutions for many categories of dependency not only in Poland but also in other Central and Eastern European countries².

Addressing deinstitutionalisation in a broader context here is a warning against a one-sided approach to the extremely complex problems of spending one's life in institutions. This complexity is due to many different kinds of dependency in human life, on the one hand, and the different qualities of living and caring institutions shaped at

² The author's involvement in the practical activities of institutions for the assistance of orphans, the disabled and the elderly was of an organisational and advisory nature. On this occasion, qualitative research was usually carried out, allowing the theoretical and political theses, often ideologically embedded, to be confronted with the varied realities of the existence of dependent people, their caregivers and the authorities organising care and responsible for its quality. Recently (2022), the author has participated in consulting and carrying out research work focused on the development of social services and supporting independence as part of the project entitled *Development and pilot implementation of mechanisms and plans for deinstitutionalisation of social services* carried out at the Institute of Labour and Social Studies (IPiSS) as a project partner, under the supervision of Agnieszka Sowa-Kofta.

different stages of economic and social development in various countries on the other. Therefore, any direction, whether towards institutionalisation or deinstitutionalisation, proposed in social policy towards dependent people requires extremely careful implementation.

Institutional care in this case is understood to be that which:

- is provided in stationary (usually large) facilities, isolated from the community;
- operates within general rules and regulations, backed by standard rules of professional conduct, e.g. medical, pedagogical or even psychological, with limited opportunities to take into account residents' individual abilities, needs and preferences;
- takes control and responsibility for residents' lives, depriving them of many social skills and, at the same time, the ability to be independent in assessing life situations, planning actions, and being consistent in their implementation.

From institutionalisation to deinstitutionalisation

The basic living context in human life is the family. Traditionally it was a large family, comprising at least three generations, with numerous relatives and affinities, as well as the immediate local community. Changes in how people lived, most strongly linked to industrialisation and urbanisation, caused people to migrate *en masse*. They abandoned their traditional places of residence and moved to cities near and far, including those overseas. Broken ties were not reconstructed in the new destinations. Urban families increasingly ran two-generation households. The phenomenon of abandoning or giving away children who could not be “fed” was not a rare occurrence.

In the 19th century, in many European countries, the responsibility for abandoned and surrendered children, as well as for the disabled, the elderly and the poor became the subject of government regulation and actions by local authorities. Collective homes (congregate settings) were set up for them.

In the UK, with a long tradition of laws for the poor, so-called workhouses were created for abandoned, surrendered and orphaned children. In these, younger children were offered elementary school education, while the older ones had to work (Chance, 2018).

As the role of the state in family matters increased, an additional reason for institutional care also emerged – the removal of children as a result of oppressive or what was deemed to be immoral parenting by their parents. Children were also taken away from adolescent and single mothers. Public authorities were supported as well as guided by religious organisations (often convents) and private philanthropic activities.

Collective homes were also places for people with disabilities, chronic illnesses, mental disorders and the elderly. They were most often supervised by medical bodies and called hospitals or sanatoriums, e.g., for people with tuberculosis.

The buildings in which various groups of dependents lived were usually large and surrounded by outbuildings and crops. Generally, they were situated outside the urban built-up area, one could say, in rural areas. The organisation of life there was unified and the conditions were austere, although hygienic. Contact between the residents and the outside world was limited and controlled.

For many decades of the 20th century, collective homes for dependent people were assessed rather positively, more on the basis of intentions than on the real conditions and consequences of living in institutionalised forms. Children's homes (and so-called hospitals) in the Soviet Union received particularly good marks. Anton Makarenko's book known as a pedagogical poem³ shaped the image of a positive hero coming from an orphanage, which in the collectively organised life of communist society was neither a pedagogical nor a social problem.

In the socialist countries that operated under the political and institutional system of the communist regime after the Second World War, care for dependents developed mainly in state care institutions, generally closed and remote from the family and local community. Only in the countryside did family care take place to a greater extent, especially in Poland in peasant families, which – as private (unsocialised) entities – were deprived of social security for several decades. Institutional care was frequently better than family care, especially with regard to dependent elderly persons, who were considered a significant burden on the peasant farm's production potential.

Over time, the negative and even drastic consequences of living in institutions began to be revealed. On the one hand, difficult living conditions were evidenced, especially in poorer countries, and on the other, the negative psychological consequences of the lack of family ties and affection, isolation and dependency were pointed out. The American sociologist, Erving Goffman formulated the concept of **the total institution**, (which is a generalisation of the specific characteristics of a collective, closed institution, with standardised rules of behaviour and a uniform rhythm of daily life, as well as compulsions enforced by the staff (Goffmann, 2011). This concept, which is a generalised experience of how psychiatric institutions functioned, has been transferred to other closed institutions for the care of dependents, sometimes disavowing them altogether. While this has met with justified criticism (Postuszny, 2017), it has sparked a move towards opening closed institutions, including psychiatric hospitals.

In the 1980s, some countries started to move dependents from various closed facilities into the community, supported caregivers financially and then decommissioned the old facilities (in part or in whole). After more than half a century, neither the sentiment nor programmatic deinstitutionalisation efforts, despite difficulties, have been weakened.

At the turn of the century (the late 20th and the early 21st century), social movements for the right to self-determination developed; encompassing all people with limitations and fewer opportunities for self-determination; including children, people with disabilities and the elderly. They influenced the emergence of international regulations (primarily UN conventions) and began the slow process of implementing the provisions contained in these regulations signed onto by numerous countries.

The problem of empowerment, seeking to reduce people's dependence on institutional structures, entered the agenda of social strategies against poverty and social

³ The first edition of Makarenko's book, *Poemat pedagogiczny*, in Polish was published in 1949.

exclusion of the European Union in the second decade of the 21st century⁴. At the same time, the European Commission has identified implementation tools targeting four main groups at risk of spending their lives in institutions: children deprived of parental care, people with disabilities, people with mental illness and elderly people unable to live independently⁵.

Children deprived of parental care

Among the many articles of the UN Convention on the Rights of the Child adopted by the General Assembly in 1989, the right of the child to live in a family is enshrined. Yet almost 10 million children in the world do not have the opportunity to be brought up in a family environment. Typical reasons for the lack of family care are orphaning as a result of warfare and accidents, abandonment (surrender) of the child due to poverty and social immaturity (e.g., teenage mothers), as well as inability to provide care due to parents' health and behavioural limitations (mental, addictions to psychoactive substances) and children's developmental and health problems – disabilities and limitations in intellectual development. Judicial termination of parental authority due to abuse in families of origin, such as violence and other types of child abuse, is also of growing importance.

In Poland, against the background of the varied causes of the phenomenon of abandoned children, there is a heated debate in society concerning the practice of family courts limiting parental authority due to multifaceted justifications (Kolankiewicz, 2022). When court decisions are predominantly justified by the use of violence and other forms of child abuse, these decisions are sometimes said to be excessive. The culture of “smack and belt” in disciplining children is still present⁶.

Research on developmental deficits, conducted on a larger scale in the second half of the 20th century, showed that the lack of proper individual care in the earliest stages of development has a serious impact on the psychosomatic development of children. This was highlighted by the results of studies (using new medical technologies that enable brain research) collected and cited by UNICEF (2009). Specific deficits including physical development (growth), cognitive function, neurodevelopment and socio-psychological health were documented. In 2015, an article was published in a reputable

⁴ Relevant EU structural funds have been identified for the adaptation of the deinstitutionalisation concept (European Expert Group, 2014)

⁵ Some deinstitutionalisation strategies include also people experiencing the crisis of homelessness, for whom collective shelters are created in situations where living “in the street” is hampered by bad weather or tighter controls on public places. In this case, the aim is more to support such people in acquiring decent and affordable housing of their own, rather than deinstitutionalisation in the sense of leaving a large total institution for other unspecified specific solutions.

⁶ The phenomenon of children being beaten at home has only recently received attention and action, which includes the creation of what is called “Blue Card”. How insufficient this is, is evidenced by reports from doctors and journalists depicting the most drastic incidents, see: Hofub, 2021.

medical journal – the *Lancet* – presenting the results of a contemporary study (Berens & Nelson, 2015) on the damage done to children’s psychosomatic development by placing them in large institutions in their earliest years of life (up to two-three years of age).

Avoiding developmental deficits among young children without parental care is ensured by early interventions in the form of early adoption, placement in properly prepared foster families or quasi-familial care. These are the three classic forms of parental care substitution. They constitute an important element of social policy towards children in every country and are included in Polish regulations. The measures taken are similar in general terms, but public policy preferences for a particular form may differ.

Development of the adoption system

The adoption system is “as old as the world”, although it was only in the 20th century that it became subject to strict legislation (O’Halloran, 2009). It has been described from a few perspectives: those of adopted children, their adoptive parents and those working in adoption agencies.

Adoption has its successes and failures, but it is an obvious solution. There are differences in the practice of adopting children regarding the eligibility for adoption and the procedures used. In many countries, the adoption process takes too long, which is disadvantageous to the formation of bonds between children and parents. The psychological theory of attachment emphasises the importance of being together as early as possible (Bowlby, 2007).

In Poland, there is a two- or four-year wait for a child. The reasons are not only of legal and administrative nature. It is also because there is an increasing number of applicants trying to adopt a child, due to the growing infertility problem (Jasieńska et al., 2022). At the same time, the population of abandoned children lacks the characteristics most desired by their potential parents, who want healthy children, as young as possible, while, in fact, most of the abandoned children are faced with health problems and developmental limitations.

A significant problem of the adoption system is the insufficient preparation of parents and the limitations of adoption centres. Potential parents do not know what health and behavioural problems an abandoned child may be faced with. Furthermore, they are not aware their own capabilities and skills. Accepting another child as their own and providing the resources they need may be more difficult than expected and they may identify their own limitations, discovering that they are not sufficiently prepared to overcome these problems. This is why they sometimes give up and terminate the adoption contract⁷.

⁷ Cases of adoption abandonment – dramatic for children and parents – are collected and described in Marta Wroniszewska’s book *Tu jest teraz twój dom* (2021).

Development of family foster care

Most abandoned children have no chance of being adopted, especially when they are “older” and have developmental deficits, siblings, and the biological parents do not want to give up their rights despite abandoning the child (or having had the child taken away). Thus, they end up in institutions, mainly in what is referred to as orphanages, which have generally had a bad reputation in general. A new form of foster care has emerged on the spectrum of possibilities: adoption or children’s homes. The concept of family foster care is based on the theory of inclusive care, which centres on a relationship between children and carers that allows children to participate in decisions and family activities. Developed in the 1980s, it found recognition through research, particularly in Canada (Steinhauer, 1984).

In Poland, as a result of a 2004 Act and its amendments in 2011⁸, there are three main types of foster families: (1) kinship, when persons from a large family (grandparents, siblings) take over the care of a child whose parents whose parental rights have been terminated by a court decision, (2) professional foster families (which also include small family children’s homes), and (3) other, namely, non-professional foster families. Foster parents are paid as caring for children is their professional job.

Foster families, which is a relatively new solution, is developing gradually and with an unexpected turn towards dysfunctional forms, which is not prevented (but is rather enabled) by regulations. Various disadvantages of foster care are recognised but they are not clear-cut when the point of view of the respective sides is taken into account. Reports indicate the existence of the following critical problems:

- The decision to hand over a child to a foster family (at first to take them away from their biological parents) takes a long time and must be considered by several institutions (family courts, social assistance, family support centres, police). Meanwhile, the younger the child, the greater the chance of overcoming destructive developmental tendencies and of forming an attachment to carers (Bowlby, 2007).
- Biological parents, if their parental rights have not been judicially terminated, can remain in contact with the child and support the caregivers (Raclaw-Markowska, 2017). In practice, the influence of the biological parents is sometimes incompatible with the parenting line of the caregivers, who complain that contact with the biological parents disrupts their pedagogical work and destabilises the children emotionally (Wroniszewska, 2021). There is also no system in place to formulate the requirements and controls for effective rehabilitation and treatment towards biological parents, granting them the right to have contact with their children.
- Checking the competences and providing adequate training for foster parent candidates is insufficient. It sometimes happens that family foster homes become a “business” for carers, with housework being done by the children and caregivers oriented mainly towards income generation.
- Foster carers do not have full information about the child’s health, and when problems arise, they are very often unable to cope with them (see: Wroniszewska, 2021). Meanwhile, children ending up in foster care generally have multiple health

⁸ Act of 9 June 2011 on family support and foster care system (see: Ustawa..., 2011).

problems. A serious issue is FAS (Fetal Alcohol Syndrome), i.e., an irreversible brain damage as a result of alcohol consumption by pregnant women, which is destructive for the child's neurodevelopment and behaviour (Banach & Matejek, 2016, Pawłowska-Jaroń, 2015)⁹.

- The transfer of children does not always consider the obvious constraints on foster care due to the excessive number of children entrusted and the lack of support persons. Difficulties also arise when the age of the children is too varied as small children as well as teenagers are entrusted to a single family. Older children in a large foster family do not always follow the rules and discipline of living in a larger group and change carers ("transfer children", "children on the move"), seeking placements with limited control, which generally is not beneficial for them.

All in all, the process of transferring children to foster families in Poland is full of systemic imperfections, administrative limitations, and human helplessness. There are certainly many good practices of foster family care, despite imperfect regulations and difficult local conditions. This, however, is not enough to treat this solution as a model and to give it sole preference in family policy. Family foster care may be a good direction towards deinstitutionalisation, although good results in improving the lives of abandoned children are indeed conditioned by the complex interaction of several factors: the intentions of carers, their competencies (both formal and awareness of responsibility and relevant character traits, such as empathy, emotional intelligence, resourcefulness, thrift), their living facilities, as well as effective and efficient support (and control) institutions.

Children's homes

There will always be some scale of abandoned children reliant on institutional care throughout their lives, regardless of the drive in family policy to place children deprived of parental authority with other families instead of putting them in foster care. A form of institutional care for children deprived of parental authority is the so-called children's home, commonly a permanent part of the foster care system. They have undergone numerous changes over many decades and continue to do so. They also vary: by the age of the children, by the ideological system of the organisation running them (e.g. homes run by religious organisations), by their location within the structure of public responsibility (education, health, social welfare) and the responsibility of the territorial authority (central, regional or local).

UNICEF (2017) estimates that 2.7 million children worldwide live in orphanages. This scale does not move down. In post-communist countries, a strong increase in the number of children in institutions took place at the turn of the decade. The collapse

⁹ FAS is a relatively common phenomenon in many countries around the world, where alcohol consumption is high (many times more common than the developmental limitations caused by Down syndrome) but the epidemiological recognition of the problem is not yet sufficient. Scientific data have emerged relatively late (Popova et al., 2017), resulting in a paucity of preventive measures for pregnant women; both in healthcare and in social work. Also in the process of treating health disorders among children, the diagnosis of FAS is insufficient.

of the communist system entailed changes in social relations and the functioning of communities. There was also an increase in the number of abandoned children due to poverty and the emigration of their parents. They ended up in orphanages even though more than 90% had at least one biological parent (Carter, 2005). Institutions of collective living for children and young people were still needed, while public resources for their functioning were very limited.

The process of deinstitutionalising children deprived of parental care in the Central and Eastern European region began only in the early 21st century, which was strongly affected by economic factors.

In Poland, the process of reforming institutional foster care for children abandoned and deprived of parental care, which can be qualified as a type of deinstitutionalisation (Kolankiewicz, 2022), has been ongoing since 2000. Regulatory preference is given to small children's homes, open to local community participation, providing closer relationships with carers and selected social circles. Modern, child-friendly pedagogical principles are formulated for them. The empowerment of children as they grow up in institutions is promoted, e.g. assistance in obtaining housing, preparation for entry into the labour market, integration into community life.

However, the real process of change in children's homes looks different from the plans and regulations. Existing children's homes are far from the desired model. The management of children's homes described by authors involved in the management of the institutions (see: Andrzejewski, 2007), point not so much to the poverty of the institutions, despite calling them "poorhouses" or "foundling homes" (colloquial Pol. *bidul*), as to systemic dysfunctions. Caregivers have an essential role to play as foster parents. Therefore, their training, recruitment, remuneration and promotion path require consistent and sustainable solutions. They are, however, not provided and, consequently, we are faced with a shortage of carers willing to do the job in children's homes.

The initiated deinstitutionalisation of children's homes in Poland, consisting in their "extinction" and the application of forms of family foster care on a larger scale instead, has not contributed to a radical improvement in the fate of children deprived of parental care. It has rather created new needs and problems that are increasingly difficult to manage (Kolankiewicz, 2022). It is, therefore, reasonable to believe that orphanages should retain a place in the structure of care solutions for abandoned children and children deprived of parental authority, but they should be modern homes, with a changed emphasis on pedagogical action, facilitating children's access to culture, sport, learning about and respecting nature, caring for animals or other support activities. Rather, the idea of reforming existing children's homes based on a model of competent and friendly care and servant management open to cooperation in the local environment is to be considered. This would require a multidisciplinary and coordinated action; both at the conception and implementation stages, respecting established principles.

People with disabilities

The efforts for the self-determination of people with disabilities have a long and specific history. In agrarian times, people with disabilities lived next to their families,

and when they were rejected, then if they were not cared for by a religious organisation, they lived on their own in some public place – next to churches and/or train stations, where they could, by evoking pity, receive a handout.

In the era of industrialisation, which was accompanied by increased work accidents leading to permanent disability, insurance against work incapacity due to occupational accidents was established. Pensioners were more able to live with their families, who were more willing to take care of them when they could pay for their maintenance.

One of the greatest achievements at the turn of the 21st century was the drafting and agreement on the content of the UN Convention on the Rights of Persons with Disabilities (hereinafter referred to as Convention), which was adopted on December 13, 2006, in New York¹⁰. According to the UN Convention, persons with disabilities are defined as those with long-term physical, mental, intellectual or sensory impairments which, in interaction with various external barriers, may hinder their full and effective participation in society on an equal basis with others (Article 1 of the Convention). Under the Convention, disability is no longer a ground for exclusion from society. On the contrary, a right to participate has been established; a right that must be universally recognised and respected, with the conditions for its realisation ensured.

Children with disabilities from birth

Disability can occur at any stage of life. In earlier life phases it can be the result of genetic defects, or damage to organs or disrupted mechanisms during foetal or infant life, or the result of accidents or injuries. Although statistically it most often appears later in life due to the onset of pathologies of the body (wear and tear of some of its organs) and the incidence of chronic diseases, the biggest problem from the point of view of the organisation of care in the event of disability concerns children who are born with severe developmental limitations. These children spend their lives primarily in various institutions. In the scheme below, the main groups of factors influencing their institutionalisation are given.

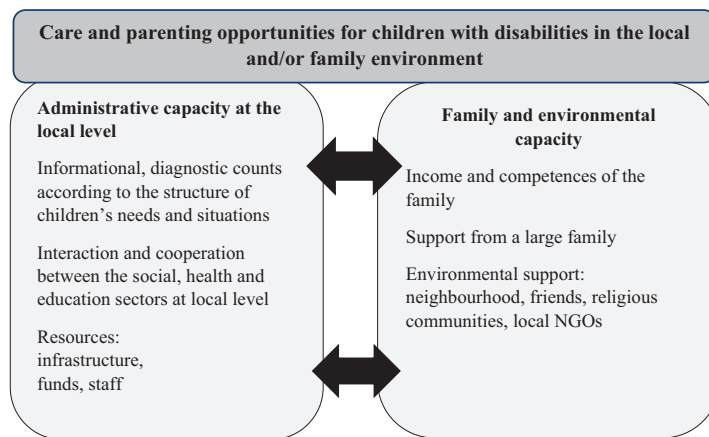
Reports and guidelines from international organisations such as UNCRC, UNCRPD, and UNICEF (Jones, 2019) and European Union resolutions (European Commission, 2010, 2013, 2014) for many years have proclaimed that the ideal place for any child to live, even more so for those with disabilities, is in a family that provides a caring atmosphere, or if necessary, community-based care adapted to the individual needs of children and the development and promotion of their abilities. However, such a family does not always exist, or is not able or willing to care for a child with disabilities and raise her or him. In such cases, the child lives in institutions with numerous constraints and, at the same time, the facilities for such children vary greatly in terms of quality and capacity to meet their care, health, rehabilitation and educational needs.

¹⁰ The UN Convention on Rights of Persons with Disabilities (CPRD) 2006. Recognising the momentousness of this document, Poland, along with other 81 UN member countries, signed the Convention on March 30, 2007. Its ratification did not take place until September 6, 2012; <https://bit.ly/UNCRPD-Status>.



Scheme 1. Factors influencing the institutionalisation of children with disabilities

The postulation of non-institutional solutions for children with disabilities is a common trend. However, a policy of supporting such children in the non-institutional system does not (should not) mean the withdrawal of institutions that would continue to support family or para-family care. Children with disabilities also need services that take into account the process of their biological and social development at successive life stages, hence the necessity of age-appropriate educational services, especially for children with intellectual disabilities (Zakrzewska-Manterys, 2021), and ongoing medical supervision and rehabilitation. This requires the participation of professional staff with medical and pedagogical skills, prepared specially for the type of disability the child has in her or his biological development. Access to services on an individual basis (reaching each child) is often highly limited (staff shortages and relatively high wage costs for service providers). Hence, new solutions in the trend towards deinstitutionalisation include, in fact, other institutional solutions, small local centres, generally day care, with family’s or other carers’ support.



Scheme 2. Opportunities for disabled children

In arguing for the choice of family and/or community-based care over institutional care, the argument of cost-effectiveness is given in addition to human rights and social justice theses. In reality, the cost of non-institutional care is not lower and the social return is higher. In addition, there may be additional costs in the short term, such as adapting local centres to accommodate wards from large institutions. Such costs, e.g. repairs and modernisation, should be calculated and included in local budgets but do not always occur.

Comparative studies, based on specially collected European data, have supported the conclusion that care in community settings is more effective than care in large closed institutions for people with intellectual disabilities. Small, open institutions were deemed better in terms of the quality of services, and when they gathered more residents, they also gave a positive cost effect (Mansell et al., 2007).

The effective transition of a person in need of care (client) from a large institution to a small centre or a family with more public support for care is only possible under certain conditions, which are sketched out in the scheme below. Taking appropriate action always requires a good recognition of existing family and local possibilities.

Persons with mental disorders

For many years, the classic living arrangement for people with mental disorders was closed psychiatric institutions. Apart from the need for specific medical treatment, significant justifications for isolation included concerns for the safety of the community, especially when the illness was manifested by profound behavioural disorders.

In the mid-20th century, efforts began by medical groups to open psychiatric hospitals and organise care in the community for people in mental crisis (as well as those with serious mental disorders) (Yohanna, 2013).

Three groups of factors triggered the movement to leave psychiatric hospitals into the community. First, there was a growing perception that psychiatric hospitals were inhumane and that behaviour towards patients was cruel (total institutions). Secondly, therapy was changing, and new antipsychotics were emerging, allowing the behaviour of mentally ill people to be controlled. And as usual – measures aimed at saving public expenditure were significant. Psychiatric hospitals are predominantly public institutions everywhere in the world, and the tendency to economise on public expenditure has been prevalent from the 1970s onwards, when there was the first major crisis in the development of the welfare state.

However, opening psychiatric hospitals and organising the treatment process for people with illnesses in community settings has not been universally successful. A review of the opinions of experts (mainly psychiatric practitioners) from 42 countries involved in the deinstitutionalisation process collected by the WHO and the Gulbenkian Global Mental Health Platform (2014) identified several groups of conditions, such as, e.g. suitable locations for open facilities, a welcoming social environment, qualified modern caregivers or additional funding (*sic!*) that are essential for success. These are not being met in a great number of places and countries, including affluent

ones, and conducting institutional restructuring without meeting them can create new and difficult problems¹¹.

For people leaving psychiatric hospitals in some countries, private hospitals, often like luxury hotels, were organised on the one side, and on the other, prison psychiatric hospitals for those with criminal charges. Traditional hospitals continued to dominate the mainstream; usually underfunded and unfriendly. In contrast, the move to supported psychiatric therapy in a decentralised community setting served primarily the middle-class patients, better educated and more affluent people¹², as well as those with new types of mental disorders and new patients (including children and young people).

In Poland, the movement to open psychiatric hospitals started, as Andrzej Cechnicki (2009) writes, from the bottom up. Referring to the work of Antoni Kępiński (famous Polish psychiatrist and philosopher), the Association for the Development of Psychiatry and Community Care was founded in Krakow in 1999. Activists supporting it cooperated with the German Society for Social Psychiatry and the WHO. A long-term programme known as *Schizophrenia – Open the Door* was prepared. This step changed the awareness of psychiatrists and activated the medical community to bring about some change.

In 2010, the National Programme for the Protection of Mental Health (NPOZP, *Narodowy Program Ochrony Zdrowia Psychicznego*), a regulation to provide the legal basis for the postulated change in psychiatric treatment and open care for people with mental illness, was enacted. The evaluation of the implementation of the NPOZP carried out by the Supreme Audit Office (NIK, *Najwyższa Izba Kontroli*) five years after its foundation was devastatingly negative (NIK 2017). This provoked the psychiatric community to prepare a new programme with different action tactics.

For the period from 2017 through 2022, a new programme was enacted, a concept for a territorial network of Mental Health Centres (CZP, *Centra Zdrowia Psychicznego*) was developed and a pilot programme for their establishment was implemented, which is planned to be completed in 2022. The CZP concept takes into account numerous international experiences; uses the existing infrastructural resources of treatment facilities in the country but also assumes the creation of new ones; introduces a new profession of a community assistant and emphasises the need for cooperation with social welfare institutions and local government. In addition, it takes into account the extensive use of new technologies for communication with patients (smartphones and telemedicine). During the implementation period, professional supervision (consultation) by psychiatric and psychological associations is assumed.

Mental health centres are above all a formula for the implementation of a new therapeutic concept in the treatment of mental disorders: open, adapted to existing problems in the specific local environment, flexibly organised (outpatient and inpatient), allowing continuity of therapeutic supervision in the home care system. They are part of the re-institutionalisation rather than deinstitutionalisation stream.

¹¹ In the US, people with mental disorders ended up in city streets, along with other homeless people (Rimmerman, 2017).

¹² Research results on this topic were conducted in the USA (Davis et al., 2012).

Dependent people in old age

The loss of independence in old age has increased with the success of lengthening life expectancy, which is not always lived in a healthy state that allows independence and self-reliance. Simultaneous changes in the formation of families (single and small family living), have reduced the possibility of using family resources in caring for the elderly. These resources are being demographically depleted (Kotowska, et al., 2020). The elderly who are not independent and require care are increasingly reliant on institutional solutions.

Care for the needs of people who are ageing gently (are “in good health”) and are affluent is not a social problem. They either live independently, using care services at home, or opt for an institutional or quasi-institutional solution to access care and assistance, while allowing for the necessary autonomy and comfort. Comparative data from the OECD databases (2020 and 2021) indicate that in affluent countries, as well as in countries with smaller family demographics and cultures, the supply of “institutional” long-term care places is relatively high. The ratio of long-term care beds (including hospital beds) per 1,000 population aged 65+ is 74% in the Netherlands and around 70% in Belgium and Sweden. In Poland, by contrast, it is only 11.5%. Turkey has a similar ratio of 9.5%.

Over the last decade (2009–2019), the ratio of long-term care and hospital beds per 1,000 people over 65 has changed little (see the graph below). Many countries have seen an increase, e.g. Spain, Germany and Switzerland. The two types of indicators presented as having the highest rates in Poland indicate that access to long-term care for the elderly in Poland is among the lowest among the OECD countries. The differences show that the problems of care for the elderly and dependent persons are quite different in Poland than in the most European countries. It is not the problem of

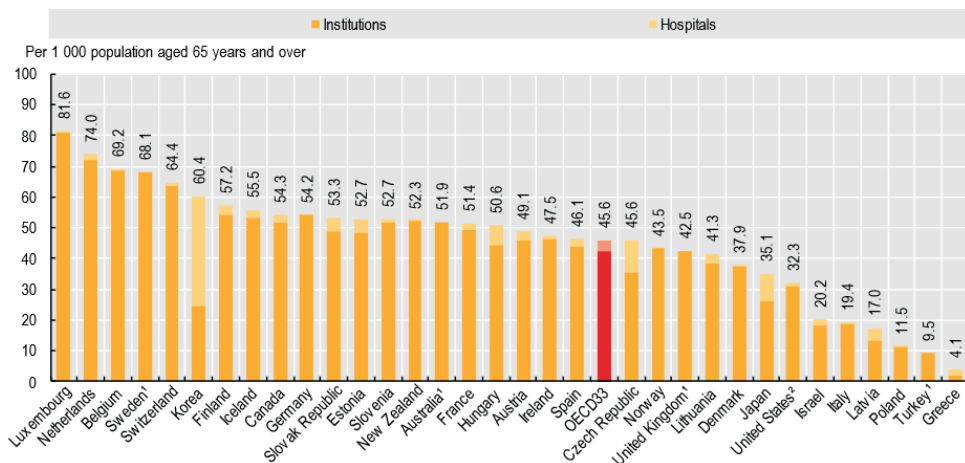


Figure 1. Long-term care beds in institutions and hospitals (2019 or nearest year)

Source: OECD 2021

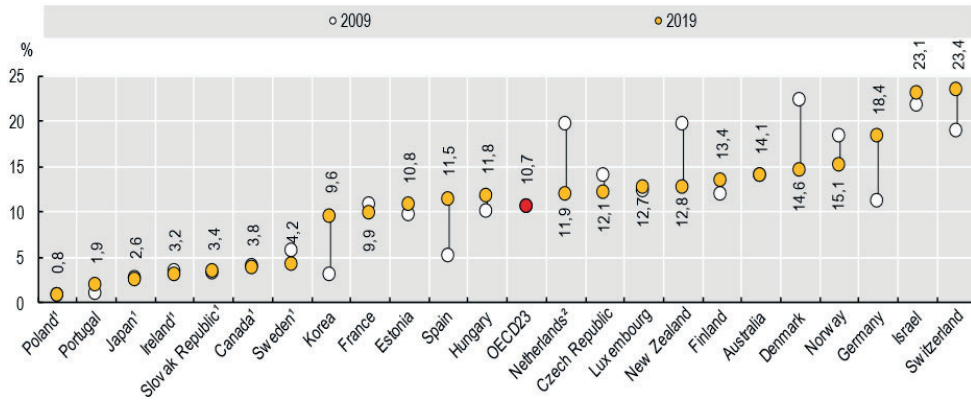


Figure 2. Changes in the ratio of LTC beds for older people per 1,000 population aged 65+ in the decade 2009–2019

Source: OECD 2021

institutionalisation that makes care inadequate. It is the problem of its minimal scale and lack of progress (see: Figure 2) that causes care services to be neglected in Poland. Statistical data indicate a serious shortage, including the needs of those undisputedly requiring residential care

In the face of supply constraints in inpatient care, home care remains an option, where care and nursing needs (as measured by Activities of Daily Living – ADL and instrumental Activities of Daily Living – iADL indices) can be dramatically unmet in many countries. In Poland, these unmet needs affect 70% of older people who are frail, and this percentage is even higher when the range of needs is greater.

The above data clearly indicate that at the current stage of socio-demographic development in Poland, there is a need to increase access to formal care services, both institutional and community-based. Given the low level of development of services in any

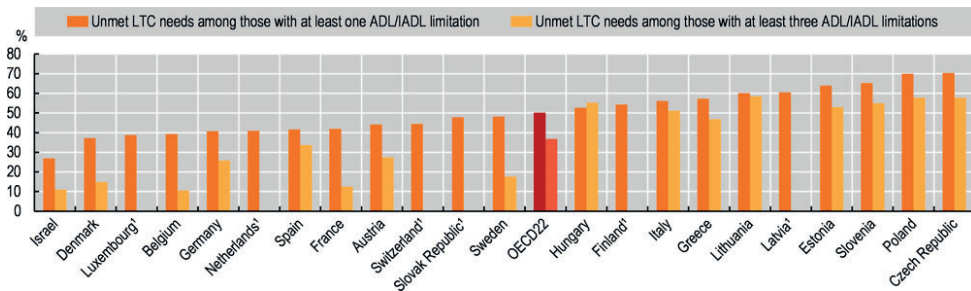


Figure 3. Unmet long-term care needs among people aged 65 and over living at home, 2019–2020

Source: OECD 2021 based on SHARE, wave 8 (2019–2020)

formal form, deinstitutionalisation, understood as the replacement of inpatient services by community-based services, in Polish conditions may result in a deterioration of access to any support in caring for dependent older people (Abramowska-Kmon et al., 2022).

Conclusions

Implementing the idea of equal rights for all people, including those unable to live independently, required the initiation of investment in creating appropriate capabilities. This process involved two main routes: on the one hand, the preventive route, and on the other, the emancipatory and supportive route to achieving independence in cases of limitations. The prevention of dependency is not the main topic of consideration in this text. It is a very broad one, both a subject of public health and many other areas of social science. In this paper, we are concerned with mitigating the limitations of dependency that have already arisen and, above all, with creating living conditions that allow dependent people to participate in the life of the community in a good way.

The ideal site to formulate a good life for the well-being of dependent people is, first and foremost, the family and then the community. It is certainly not an institution of collective living. The pursuit of the ideal model is assumed. The family will surround all its members with care and love, including those who have serious deficits in achieving independence. However, the family may be absent or unable to take responsibility for disabled children, the mentally ill or elderly parents in need of care. Furthermore, in view of the socio-demographic changes of the population in Western countries, the modern family can only perform care services for dependents to a limited extent.

When the possibilities for a family-based solution are limited, deinstitutionalisation means *de facto* replacing large and often closed care organisations with smaller ones which are locally rooted and open to local communities, taking advantage of their local potential for social activity. Deinstitutionalisation in this sense means investing in the creation of a network of small facilities, tailored to different types of dependency and to the different life courses of individuals whose needs might not simply occur episodically, but rather demand a lifetime of care.

There are various arguments in favour of creating networks of small, local, and open care institutions. However, these arguments are not always comprehensive, encompassing the various aspects of the problem. Furthermore, even when justified singularly, they are not always sufficiently convincing or documented. We list them in the order they most often appear in reports on deinstitutionalisation.

Firstly, the redevelopment of care institutions is justified by the higher operating costs of large institutions compared to smaller and quasi-family institutions. The economic argument is sometimes decisive in the practice of taking steps towards the reconstruction of care institutions. It is generally accepted that a network of many smaller centres is a cheaper solution than large collective residential (and therapy) homes for dependent people. However, the argument of lower costs is questionable. Yes, a small facility is cheaper than a large one, but a network of small facilities may be more expensive than one collective facility for the same number of people (the phenomenon of lower unit costs according to scale).

In addition, the costs of operating care facilities depend significantly on therapeutic needs, which tend to be higher when dependency is accompanied by health problems requiring medical care and systematic rehabilitation. A review of the comparative literature on the operation of institutions, e.g., for people with intellectual disabilities (see: Mansell et al., 2007, Beadle-Brown & Kozma, 2007) and research in the UK (May et al., 2019) indicates that lower costs are not an obvious argument for moving towards deinstitutionalisation. Undertaking a process of so-called deinstitutionalisation often means, in practice, the need for investment: building a network of small centres in places where no such facilities previously existed. In the past, dependent people were usually placed in large collective facilities away from the urban centre.

A **crucial argument** for the desirability of undertaking institutional redesign in dependent care **concerns the quality of care**. The advantage of smaller facilities is indisputable as an opportunity for more individualised care, nursing and possible therapy. This does, however, mean that there is a need to prepare a larger pool of service providers with a diverse range of skills: from carrying out supply, cleaning, and supervision work to specialised psycho-educational and medical care. Practice shows that staff shortages are a very serious barrier to the development of small facilities, e.g., for people with mental disorders. While it is always possible to involve volunteers recruited from the local community in care work, this requires the preparation of those willing to provide care (checking capacity and teaching appropriate skills); this is also true when family members are involved. More professionalism is now being demanded of support activities for dependent people because of increasing biological, psychological and pedagogical knowledge, and is also supported by medical research. Voluntary activities can be of great help in providing daily living and organisational services, but they cannot replace the necessary professional services (psychological, pedagogical, health rehabilitation and therapeutic activities), which are provided within the framework of standards and formal regulations.

Another argument raises the local community's responsibility for its societies and its ethical right to benefit from its human resources and social ties. This is linked to the recognition and respect of the **principle of subsidiarity**¹³, in which a fundamental role is given to the institution closest to it – the family, and when it does not exist or does not fulfil the care and existence functions for its members – to the people from its immediate surroundings: friends (and relatives), neighbours, local organisations and professional groups or those connected with a common type of social activity. In the era before the development of nation-states, it was natural for caring behaviour to develop in the local community, involving abandoned children, the disabled and the elderly. After two centuries of development in Western societies, traditional local societies are rather disappearing. Their reconstruction requires purposeful action and consistency.

Small locally rooted institutions base their activities on the **social capital of the community**, specifically, the kind of social capital that is both bonding and bridging,

¹³ The principle of subsidiarity distinguishes Western European countries in terms of recognising the significant role of people's immediate communities in relief and care efforts compared to other countries in the world, most notably the United States (Rimmerman, 2017).

a distinction introduced by Robert Putnam (2000). This sounds directionally correct but given the current trend towards individualisation of life and the fact that in countries newer to capitalism social capital is not a common and obvious phenomenon, it cannot, therefore, bring benefits on a mass scale. The presence of social capital can neither be decreed nor programmed. It requires a longer process of coherent interaction between the basic actors of social life: family, school, church, media and public authorities. Individualisation, competition, and a focus on cost-effectiveness, which are needed in the economic sphere, do not work in the care and upbringing of people with developmental deficits and disabilities.

Local government is supported by social activism and **voluntary organisations**. Treating them as partners, not competitors, strengthens local government, but also requires real support for socially useful activists and organisations, not ones that represent influential particular interest groups. Without this, social capital does not develop, and this is essential in building trust and motivating people to be appropriately active in caring for dependent people. Without this, people organise care privately, often informally and with large defects regarding quality. These phenomena have been described not only in Poland, but also in other post-socialist countries (see: Kubalčíková & Havlíková, 2016; Završek, 2017; Kuuse & Toros, 2019).

The effectiveness of care institutions for dependents in small communities relies on **strong local territorial self-government**: capable of decision-making, adequately resourced and supported by national government. Local self-government is not always recognised as a public value by those in power. In countries with young democracies, the autonomy of local territorial structures is sometimes seen as a political threat to the national government's power. In addition, in the presence of sharp political divisions falling at the level of local government, ambiguity and distrust arise. This in turn causes local government to be perceived as an insecure support. Research conducted in Poland by the Batory Foundation (Gendźwiłł & Wiszejko-Wierzbička, 2022) points to the paradox of declaring strong support for local self-government with the simultaneous conviction that without the intervention of the central authority, the actions of local self-government may be too weak and ineffective. At the same time, some of the central authority's actions or failure to act despite its competence are assessed as a threat to the favourable course of affairs, e.g. regarding the natural environment or education.

Organising care for dependents in the local community requires **adequate resources** and multi-level and multi-sectoral **coordinated work** (at the very least, linking social, health and educational matters), and consequently decisive local government measures, which combine and transcend territorial boundaries and sectoral competences. Waiting for decisions from the central government means a long rule-making process, fraught with battles over priorities along the way, which is not always successful.

Recommendations

The movement towards deinstitutionalisation proposed in social policy for dependent people, meaning *de facto* re-institutionalisation rather than deinstitutionalisation (Grewiński & Lizut, 2022) requires extremely careful implementation. Redevelopment

should not be a spontaneous action and should not throw the baby out with the proverbial bathwater.

For this process to advance successfully, it is necessary to have well-developed and socially accepted strategies and a clear legal framework for both national and local action and for each type of dependency, including small children, people with disabilities, the mentally ill and the elderly.

The development of national strategies for the process of re-institutionalisation of care for dependent people should be based on:

- a broad identification of regional and local needs for the support of dependent persons considering a longer-term perspective (forecasts), based on existing and developing databases of demographic and public health statistics as well as specially created collections of information;
- a development of small and open care facilities for all types of dependency, considering living conditions, hygiene and staffing standards;
- developing training for carers of dependent persons at various levels of schooling and adult education: secondary vocational, post-secondary and higher vocational education;
- identifying support for developing networks of facilities and coordinating their operation in various areas (supra-regional and beyond) and in many sectors (educational, social and health);
- identifying sources of funding and payment rules for living and care services for dependent persons;
- preparation of a legal framework of the duties of current and designated carers of dependent persons, as well as assessment of their capabilities, skills and supervision.

The complement to the national strategies and legal framework of the rebuilding process of care institutions for dependent people should be parallel local plans and programmes adopted by the municipal and city councils on medium-term development. Although local development plans are not obligatory in Poland, the need to develop and establish them has gained recognition over time, as was strongly expressed during the Covid-19 pandemic (OECD 2021).

The preparation of parallel local plans requires expertise and information, especially:

- local government offices having appropriate units to diagnose and monitor the demographic and social situation of their inhabitants in terms of their ability to live independently;
- carrying out an analysis of the real estate and infrastructure available for re-institutionalisation programmes, taking into account local spatial plans;
- preparation of investment (and renovation) projects for the development of small care and therapeutic facilities for dependent persons in the given local community, considering the needs and cooperation with municipalities in the neighbourhood;
- preparation of plans for financing the above-mentioned investment projects with applications for funding from relevant national, regional and EU funds – also taking private funds into account;
- preparation of a plan for the employment (with the involvement of the district employment office) of persons able to carry out care and therapeutic work in the facilities to be created;

- preparation of actions to increase the social activity of inhabitants (among other things, as volunteers) who are able to cooperate in care work, inclusion of young people and the promotion and propagation of social and caring attitudes;
- implementation of organisational solutions that enable coordination of care activities, including among educational and health institutions within the created networks and outside the established structures.

To conclude, a general remark. Re-institutionalisation is a process, not a one-off “renovation” or modernisation. Before old homes are demolished, new homes need to be built and the right staff need to be educated and employed so that residents can not only be brought into the home but also provided with the services they need. That is why special attention and care are required to modernise old facilities when a network of new and smaller ones has not yet been established and when the resources needed have not been put in place. In the care of dependants – children, the mentally ill, the disabled and the elderly – waiting for a “better” solution can simply mean failing the current, actual individuals in need.

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Multinational corporations, education and United Nations Development Goals: a literature review

Abstract

This article reviews works of literature on the intervention of Multinational Corporations (MNCs) in the achievement of education-related Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs). Drawing from conceptual and empirical papers published from 2000 to 2020, we identify that education is central to achieving development goals. The lack of requisite knowledge of these goals may hamper their implementation. We focused on interventions of MNCs like Microsoft, Oando, Nestlé, LEGO, ING Bank, Standard Chartered, Pricewaterhouse Coopers (PwC), and Hess Corporation in promoting educational equality and development in line with

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MDGs and SDGs. The findings showed that the MNCs' intervention in education in their respective areas has led to a considerable improvement in areas such as infrastructure development, school enrolment, and quality output, among others. The paper submits that improving education has dual benefits for both society and the MNCs; government should engage MNCs to use their intervention to assist in the achievement of the SDGs. Compared to these corporations' annual revenue and profits, the scope of their intervention is still very small and the impact is not felt in the global South. There is a need to increase financial commitment to achieve this development goal by 2030.

Keywords: Sustainable Development Goals, United Nations, Millennium Development Goals, Education, Multinational Corporations

Introduction

We cannot have young people growing up without the knowledge, skills, and attitudes to be productive members of our society. Our societies cannot afford it. Moreover, neither can business. Business needs a creative, skilled, innovative workforce. (...) Moreover, investing in education creates a generation of skilled people who will have rising incomes and demands for products and services – creating new markets and new opportunities for growth. (...) Corporate philanthropy is critical, but we need more companies to think about how their business policies and practices can impact education priorities. You understand investment. You focus on the bottom-line. You know the dividends of education for all (UN Secretary-General Ban Ki-moon).²

Business is playing a transformative role in elevating education as a political, social and economic priority, and can help ensure the right of every child and youth to receive a quality education by supporting the government in the delivery of education. Business is uniquely positioned to support and create sustainable and scalable solutions to address the world's pressing education needs. We hope these examples help open new doors for investments in education by the business community (Sarah Brown, Executive Chair, GBC-Education & President)³.

The two quotes above allude to the importance of Private Corporations in the development of society and especially educational development. Government and international organisations have at the time had a clearly spelt out role in international development. The role of MNCs was viewed through the lenses of economic growth, tax revenue to the government and job creation, however, that has changed as now MNCs have taken a broader role in the development agenda (Mohiledin & Klimenko, 2017). A survey by Accenture and United Nations Global Compact in 2016 of CEOs of various MNCs shows that business leaders' beliefs solving societal development

² See: (United Nations Global Compact, 2013, p. 4).

³ See: (United Nations Global Compact, 2013, p. 6).

issues are crucial for the elements of competitive advantage and corporate beliefs are essential pillars in the achievement of SDGs. The role of the corporation is not just limited to funding, but also to tackling global, cross-sectional and multi-level development problems in society as their expertise is necessary for that. A known fact is that corporations can only grow when people's purchasing power is high, under-privileged societal members also mean less patronage for markets, a peaceful environment in terms of politics, economics and society foster operations of the business, and quality education creates a qualified workforce for the corporations (Bello et al., 2017). The intervention of corporations in the development discourse is hinged on the fact that states and international organisations alone cannot cater for world problems which are enormous and daunting. On the other hand, corporations with financial power can play a major role in this aspect by integrating societal problems with business goals to achieve needed development. Corporations' intervention in education serves as a stimulus for the development of a skilled workforce as the CEO survey shows that the major problem in most developing countries is the lack of an adequate workforce which is traceable to the nature of countries educational background (Hopkins, 2012). According to Uvalic-Trumbic and Daniel, (2016), the pivotal role of education in the achievement of MDGs and SDGs cannot be underestimated, this is because education is key to human development. It allows more people to grow, be knowledgeable, equal and just. Learning is a guarantee of survival, life, and health for many people across various social groups like teenagers, parents and many more. Thanks to education, more people would work together and think about the future. Education serves as a catalyst for ending chronic poverty because it helps empower people. It gives parents access to knowledge on the best health and hygiene practices for their children. Quality education is also vital for sustainable development and economic growth. As the immediate former UN secretary general Ban Kin-Moon states,

Education is a fundamental right and the basis for progress in every country, parents need information about health and nutrition if they are to give their children the start in life they deserve. Prosperous nations depend on skilled and educated workers. The challenges of conquering poverty, combatting climate change and achieving truly sustainable development in coming decades compel us to work together. With partnership, leadership and wise investments in education, we can transform lives, national economies and our world (Uvalic-Trumbic & Daniel, 2016, p.1).

Education is a public good, important for the empowerment of citizens. Various governments at different times have complained about their inability to provide quality education, especially in the areas of numeracy, literacy, mathematical sciences, and technology. Their role in education development is vital.

This paper hereby situates the intervention of the private sector in the realm of education goal within the MDGs and SGDs; giving an overview of MDG and SDG, the centrality of education to the achievement of both goals and the role the private sector have been playing; the role they can also serve in the advancement of education in a global society.

Millennium Development Goals and Sustainable Development Goals

The Millennium Development Goals (MDGs) were the eight goals set to stimulate international development from 2000 through 2015. A total of 189 member nations of the UN and 22 international organisations pledged to assist in the achievement of the goals. Its antecedent can be traced to various UN conferences that were held in the 1990s, which focused on the problem of nutrition, children women, and human rights. The precursor to goals can also be traced to the OECD's International Development Goals (IDG) which were because of cut by major donors to Official Development Assistance (ODA). The eight MDGs can be categorised into three major groups, namely, Human Capital, Human Rights and Infrastructure which are all geared towards increasing living standards, combating widespread hunger, disease, poverty, gender inequality, unmet schooling and environmental degradation. The human capital goals include education and healthcare (malaria, HIV/AIDS, reproductive health, nutrition tuberculosis, and child mortality). Human rights goals entail the empowerment of women, ensuring public service equal access, increasing political voice, the security of property rights, and the reduction in violence. Infrastructural objectives involve increasing farm outputs using sustainable practices, improvement in access to safe drinking water, information/communication technology, energy and modern, environment and transportation (McArthur, 2014).

In order to accelerate the achievement of the goals, the group of eight (G8) finance ministers reached a consensus in 2005 for the purpose of providing funds to IMF, WBG and AfDB and also to cancel debt owed by heavily indebted countries in order to facilitate the redirection of such resources for the achievement of the goals, especially the alleviation of poverty and improvement of health and educational facilities. The MDGs was to run from 2000 to 2015.

The shortfall associated with MDGs alludes to some operational failures which were caused by stakeholders from both poor and rich nations, the failure of some

Table 1. Millennium Development Goals

S/N	GOALS
1	Eradicate Extreme Poverty and Hunger
2	Achieve Universal Primary Education
3	Promote Gender Equality and Empower Women
4	Reduce Child Mortality
5	Improve Maternal Health
6	Combat HIV/AIDS, Malaria, and other Diseases
7	Ensure Environment Sustainability and
8	Global Partnership for Development

Source: Larionova, (2020)

countries to make any progress with regards to the MDGs, unkept promises of official development assistance and failure of proper implementation by the UN member countries led to the formation of Post-2015 UN Development Agenda for the purpose of working out the sustainable development programme.

The Sustainable Development Goals (SDGs) are a set of 17 goals with 169 targets with a range of sustainable development issues including the improvement of education and health, ending hunger and poverty, combating climate change, making cities sustainable and protecting forests and oceans. The process leading to its adoption involved 193 UN member nations and inter-governmental bodies participating in negotiations between January and August 2015, which resulted in a document adopted at the UN Sustainable development summit which was held between September 25–27, 2015. The international development commitment by the global community was set to be achieved between 2015–2030 (Le Blanc, 2015; Hák et al., 2016).

Although it is presently serving as a continuation to MDGs, the SDGs precede the MDGs, and their history goes back to 1972, when the “Conference on the Human Environment” was organised in Stockholm. At the meeting, the countries acknowledged that the world economy was exploiting nature, and led to enormous environmental risks, as a result the UN created World Commission on Development and Environment which describes sustainable development as “meeting the needs of present generation without jeopardising the future generation” (Valentine, 2012).

The paper hereby situates the intervention of private sector in the realm of education goal within the MDGs and SGDs, giving an overview of MDGs and SDGs, the centrality of education to the achievement of both goals and the role the private sector has been playing and can play in the advancement of education in global society.

Methodological framework of literature review

The research has been organised following the planning/conducting/analysis scheme for literature review developed by Christoffersen (2013). The foremost feature of this protocol for selecting the body of literature to be analysed, was based on the articles published in journals, United Nations’ and Corporations’ Reports, written works in English from 2000 till 2020. Academic journals are indexed in SCOPUS and available on Google Scholar and reports are obtainable from corporations’ and the UN’s websites. Data used for this paper consists of articles published in business and management, education and sustainability journals.

First, an identification of relevant articles was performed through an exhaustive keyword search process performed in Scopus and the Google Scholar. Through this search, articles containing in their titles, abstracts, or keywords list a reference to any MDGs, SDGs, Education, CSR and MNCs were selected. Then their abstracts were downloaded. Through the full reading and qualitative interpretation of these articles, the teamwork prepared a workbook. For each individual article we recorded data relative to the educational intervention and features and to which SDG/MDG the article is related.

Table 2. Sustainable Development Goals

S/N	GOALS	TARGET
1	Poverty	End poverty in all its forms everywhere
2	Hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3	Health	Ensure healthy lives and promote well-being for all ages
4	Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5	Gender Equality	Achieve gender equality and empower all women and girls
6	Water	Ensure availability and sustainable management of water and sanitation for all
7	Sustainable Energy	Ensure access to affordable, reliable, sustainable and modern energy for all
8	Sustainable Economy	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all
9	Sustainable Industrialisation	Build resilient infrastructure, promote inclusive, sustainable industrialisation and foster innovation
10	Reduce Inequalities	Reduce inequality within and among countries
11	Inclusive Cities	Make cities and human settlements inclusive, safe, resilient and sustainable
12	Sustainable Consumption and Production	Ensure sustainable consumption and production patterns
13	Urgent Action on Climate Change	Take urgent action to combat climate change and its impact
14	Conserve Sea and Marine Resources	Conserve and sustainably use the ocean, seas and marine resources for sustainable development
15	Protect Environment and Biodiversity	Protect, restore and promote sustainable use of terrestrial ecosystem, sustainable manage forest, combat desertification, halt reverse land degradation and biodiversity loss
16	Inclusive Societies	Promote peaceful and inclusive societies for sustainable development provide access to justice for all and build effective accountable and inclusive institutions at all levels
17	Strengthen Global Partnership	Strengthen the means of implementation and revitalise the global partnership for sustainable development

Source: Sustainable Development Goals, UN (2016)

Education and MDGs – the perspective of developing countries

This paper seeks to understand MNCs' intervention in MDG- and SDG-related education through various Corporate Social Responsibility (CSR) models. One of the most popular and frequently referenced models of CSR is that of Carroll (2016) – *Pyramid of Corporate Social Responsibility*. According to Carroll (2016), CSR is philanthropic in nature. Corporate philanthropy entails all forms of business discretionary and voluntary activities. In literal sense, philanthropy may not be the responsibility of corporations but as they are an important player in the society or public sphere, it is expected of them to be a part of the society where they operate, and most importantly, leave some positive imprints. This is guided by corporation's desire to participate in social activities that are not mandatory and not required by law. Examining the social contract between corporations and society, corporations are expected to display high moral and ethical standards in their interactions with other subjects, meaning they act as good corporate citizens. The public expects that corporations will contribute to the society where they operate. To fulfil the perceived philanthropic responsibilities, corporations engage in various forms of contributing: volunteerism by corporation's management and employees, products and services donations, monetary contributions, discretionary contributions to the stakeholders in the society where they operate. Corporations usually have many altruistic motivations of engaging socially. It is pertinent to note that they engage in philanthropy as a practical way of showing that they are good corporate citizens. CSR also enhances corporation reputation in the host communities (Carroll, 2016; Nalband & Kelabi, 2014).

As Celone, Cammarano, Caputo and Michelino (2021) state, MNCs intervention will be essential to achieve the SDGs due to their internal strategies around CSR, their resources and capabilities available worldwide. To MNCs, improving education related SDGs is key in providing them with the necessary human capital needed to run these corporations. In the same vein, education provides members of the community with needed skills to survive in today's world. As submitted by Filser, Kraus, Roig-Tierno, Kailer, and Fischer (2019), education (SDG 4) is the driving wheel to trigger economic development (SDG 8) and decrease poverty (SDG 1). Hence, the educational intervention by MNCs are for dual benefit to the corporations and the society. No doubt, philanthropy provides both promise and potential threat for the support of SDG 4.

Literature review

Education and achievement of MDG

In the analysed publications there is a salient theme which underlines that education provides the necessary skills and knowledge people need in order to live better lives. It serves as an avenue to boost productivity, open doors to credit and jobs. Poverty is the major factor influencing out-of-school children. If children from low-income countries have an opportunity to attend school and graduate with at least basic literacy and numeracy skills, it would enable 171 million people leave the poverty line (Awan et al., 2011; Kulild, 2014). Similarly, King and Winthrop (2015) believe that education

is central to addressing the problem of gender-based exclusion and inequalities. Women and girls have been found to receive less education than boys, have fewer opportunities, and enjoy less freedom. The majority of women and girls who speak minority languages or live in rural areas receive less education or, in some cases, no education at all. Education is also key to addressing the challenges the women folks are facing because of illiteracy. Women constitute two thirds of the world's illiterate population, namely, 759 million. Because of that women have a limited access to decision-making and are paid less at work. In 2010, women were appointed as 11 of 192 heads of government across the world, while only 9 out of 151 elected heads of states were women. In Latin America, children whose mothers have secondary school education remain in school for two to three more years than children whose mothers do not attend school.

The UN states that children whose mothers have a secondary school education are likely to survive beyond the age of five compared to those mothers without basic education. Each extra year of a mother's schooling reduces the chances of infant mortality by between 5% through 10%. This view is strengthened by Fuchs, Pamuk and Lutz (2010) as well as Veneman (2007) who argue that children of educated mothers are likely to be vaccinated thereby reducing their death risk at infancy which is caused by neonatal causes, diarrhoea, pneumonia and child malnutrition. In Sub-Saharan Africa it is said that about 1.8 million children could be saved if their mothers possessed at least secondary school education. In the same vein, Smith Greenaway, Leon and Baker (2012) argue that educational empowerment is one of the strongest remedies to maternal risk because women with higher level of education are more likely to seek medical advice when they are pregnant to check their well-being and seek health-care support. Thanks to education, pregnant women are likely to give birth at medical facilities than women without schooling.

The role education plays in creating awareness on HIV/AIDS, malaria and other life-threatening disease can never be underestimated, as education aids access to treatment and helps combat discrimination and stigma. Women with post-basic school education are more likely to be taught about the effects of (possibly) fatal disease than illiterate women. The effect of HIV/AIDS on education is grave because, in Tanzania in 2006, 45,000 teachers had to be hired to replace educators who died in the epidemic (Godwyll & Ngumbi, 2009). Education and information reduce the risk of contracting the disease. For example, in Zambia, the recruitment and education of community workers contribute to reducing malaria deaths by 66% (Chanda et al., 2013; Eshete & Sahlul, 1996; Krishanani et al., 2014).

On environmental sustainability, Alexandar and Poyyamoli, (2014) state that education supports individual decision-making that meets present needs without jeopardising the future, because the world is faced with critical challenges of rapid depletion of natural resources, climate change, natural disasters, and loss of biodiversity. Education helps leaders and fellow decision-makers reverse this ugly trend, having in mind present and future generations. Not sustaining the environment results, among others, in the lack of such basic amenities as water. Children would have to go a long distance to get water thereby affecting the possibility of enrolling in schools. As countries from the global South pledge to achieve the first seven goals, it is vital for the global North and the agents to keep to their side of the agreement, which includes more effective

aids, fairer trade rules with the South, access to technology and, most importantly, debt relief. Education is also key to the achievement of the first seven goals because it is the bedrock of development, especially, through personal and human growth, democracy, social justice, and prosperity (Türkkahraman, 2012).

Education and Sustainable Development Goals

The centrality of education to the achievement of SDGs cannot be overemphasised. Education is a factor that reduces poverty and increases income (goals 1, 4 and 8): if children left schools with basic reading skills, 171 million people could have been lifted out of poverty because they would have the basic skills required to get employment. This would lead to a 12% reduction in the global poverty rate, also one extra year of school increases individual earnings by 10% and in the case of women by 20% (Bello & Othman, 2020). Education leads to better health (goals 2, 3 and 6): mother's education improves her children's nutrition, especially as she seeks a higher level of schooling. Also, four million child deaths have been prevented thanks to improved women's education. Education helps us protect the planet (goals 7, 12, 13, 14 and 15) as educated citizens are more motivated towards building and maintaining clean energy infrastructure. Such people show greater concern about the well-being of the environment, use energy and water more efficiently and recycle. Also, a study of 29 countries shows the percentage of people's concern about climate change and environmental sustainability increases with education: 25% with less than secondary education, 37% with secondary education and 46% with tertiary education (Alexandar & Poyyamoli, 2014; Smith Greenaway et al., 2012; Veneman, 2007). Education drives sustainable growth (goals 9 and 11) as a country's inhabitants become better educated, they are more likely to make cities and human settlements inclusive, safe resilient and sustainable. Education prevents inequality and injustice (goals 5, 10 and 16). An improvement in countries' education equality can increase their per capita income by 23% over 40 years. Each year, one billion American dollars are lost by some countries by failing to educate girls at the same level as boys. If the secondary school enrolment rate is 10% higher than average, the risk of war drops by 3%. Literate people are more likely to participate in the democratic process and exercise civil rights (GPE, 2015).

The role of corporations in achieving universality of education as enshrined in MDG'S and SDG'S

The UN initiated the participation of corporation in the achievement of MDG and SDGs to encourage corporations to incorporate socially responsible and sustainable policies into their action as market players. It was given legal backing with the formation of United Nations Global Compact. The Global Compact is the largest CSR initiative in the world with 13,000 corporate participants in 170 countries of the world, mainly for the purpose of "Mainstreaming ten values in corporation activities around the world and Support UN goals of MDG and SDG" (Godwyll & Ngumbi, 2009).

The private corporations have been signatories to UN action plan, and they have supported various initiatives (Helen, 2012).

Problems that education is facing globally have made it imperative for an improved role of the private sector. Despite the concerted efforts of governments and international organisations towards education development, over 57 million kids are out of school despite being school-going age. About 69 million teenagers do not attend primary or secondary school, and even children who go to school do not learn due to their learning environment, as 250 million primary school students can barely read or write after having spent four years in school (UNESCO, 2012). About 774 million adults, the majority of whom are women, cannot read or write (UNESCO, 2012; UNESCO, 2013). The population of people aged from 15 to 25 is about a billion persons. Unless serious investments are directed towards education, there is a possibility of leaving about one-sixth of the world's population without learning. The lack of educational opportunities truly impedes economic development and social stability, because education equips people with requisite knowledge which is germane to sustainable development.

Corporations have the potential to improve educational quality. Such organisations have recognised education as the most urgent challenge to sustainability, thereby giving rise to the need for investments in education in order to complement the effort of the government towards educational development, especially the provision of opportunity and delivery of quality education. Social investments in education by corporations result in a skilled workforce, drive corporation growth, and increase productivity.

Corporations invest mostly in education by incorporating it into their CSR programme, through technology transfer and support for multilateral international bodies who work in the education sector. Corporations' investment in education takes different forms which include direct programming, educational training, product development, infrastructure and policy change. The desired impact of this intervention is always aimed at increasing access to educational opportunities, improving learning outcomes, strengthening the education system, developing a skilled workforce, community, economic and social development. The targeted beneficiaries are usually children, youth, adult learners, and educators (Bello & Othman, 2020). The intervention of the private sector in education can be classified into the following areas.

MNCs foster innovation in education through piloting open, new sources of technology in order to improve the provision of education for less developed communities, application of design-thinking for the purpose of developing low-cost materials for under-resourced schools, and recognition of state-of-the-art products by sponsoring the competition for education entrepreneurs. In partnership with governments, they develop skill certification opportunities to provide corporate training and create an atmosphere to promote creative and innovative thinking through the improvement of teaching methods (Hidalgo & Albers, 2008).

Ingram (2017) argues that MNCs can align the brand with education, by using marketing campaigns which highlight the importance of education, offering cash donations to an educational organisation that mirrors the corporation's values, and partnering with business schools to prepare socially responsible leaders through research, internship,

and coursework. As van Fleet (2012) remarks, corporations can help by providing opportunities for employees to upgrade their skills through training and learning opportunities, and providing childhood development services for children of employees in areas where they lack such opportunities. What is more, employees should be encouraged to participate in volunteering work to advance education development, in order to eliminate cost barriers to educational access. Corporations should encourage their employees to provide subsidies on school fees, uniforms, and textbooks. In addition to their current employees, they could develop the capacity of future employees through collaboration with governments and educational experts. Corporations can define competencies to improve the importance of secondary and post-secondary education, design and implement a suitable workplace training programme, invest in basic education to improve the future talent pool and expand internship opportunities for disadvantaged youth who completed secondary school (Rama et al., 2009). Finally, regarding the centrality of teachers to learning outcomes, corporations should sponsor teachers in marginalised communities to avail themselves of teacher training courses, and provide time for corporations' staff to volunteer in classrooms. Teachers of core subjects should be availed the opportunities to attend leadership development programmes, and provide teachers opportunities to get practical insights into business operations in order to merge theoretical knowledge with practical (van Fleet & Zinny, 2012).

Education empowers, and knowledge is power. Education is central to the human development paradigm. This is because it has a basic value which exceeds economic. Development is more than just GDP growth per capita – it entails the ability to live a happier and healthier life; to live with dignity and to be educated. These three elements have been part of the human development index. It, therefore, goes to show the importance of education in development because the role of knowledge is central to the provision of opportunities. No doubt education has an indispensable role in the achievement of equitable and sustainable development as enshrined in MDGs and lately, SDGs. However, due to the enormity of education and the prospect of funding, government and international organisations have often called on corporations to partner in the achievement of this goal. During the 2002 Monterrey Consensus on MDGs, specific references were made to private sector participation in achieving the set goals in collaboration with the Government. In spite of this consensus, corporations' financial intervention in the global South is not enough:

23. While Governments provide the framework for their operation, businesses, for their part, are expected to engage as reliable and consistent partners in the development process. We urge businesses to consider not only the economic and financial but also the developmental, social, gender and environmental implications of their undertakings. In that spirit, we invite banks and other financial institutions, in developing countries as well as developed countries, to foster innovative developmental financing approaches. We welcome all efforts to encourage good corporate citizenship and note the initiative undertaken in the United Nations to promote global partnerships.

24. We will support new public/private sector financing mechanisms, both debt, and equity, for developing countries and countries with economies in transition, to benefit

small entrepreneurs and small and medium-sized enterprises and infrastructure. Those public/private initiatives could include the development of consultation mechanisms between international and regional financial organisations and national Governments with the private sector in both source and recipient countries as a means of creating business-enabling environments (Haque & Burdescu, 2004).

Standard Chartered

Standard Chartered is a UK-based MNC with an interest in financial services. The corporation intervention in education was aimed at empowering girls' education through its programme called *Goal*. The pilot scheme was in India where 70 school-going girls were picked and taught life skills using sports. The initiative has so far benefited more than 145,000 girls in 24 countries with the company's target of reaching 600,000 girls by the end of 2018. Generally, girls are more likely to be out-of-school than boys because of gender disparity and cultural issues in most of the world (Sekine & Hodgkin, 2017).

In order to arrest the situation whereby women or girls are completely phased out of school and – to a large extent – the workforce. The company in collaboration with different partners in the countries use life skill education through sports to empower young girls from low-income backgrounds with the abilities and knowledge needed to make decisions for the betterment of their lives. The empowerment scheme runs through nine months of training which includes lessons on hygiene and health, communication, and financial literacy to enable them to have an impact on their lives and those of their families. Young girls with leadership potential are then selected to train other girls around the world. They also have an opportunity to get an internship placement with potential employers. The ultimate goal of the scheme was to promote equality and equity in education. It enables girls to appreciate the immense opportunities associated with schooling instead of dropping out. A survey carried out shows that beneficiaries felt empowered economically and expressed confidence in their ability to manage finance and employability. About 65% expressed confidence in their capacity to become leaders. The goals also help girls feel more confident and knowledgeable as they have the requisite knowledge to contribute to the future skilled workforce in the communities (United Nations Global Compact, 2013).

LEGO

LEGO is a Denmark-based MNC operating in a remarkable number of countries. The company is involved in some trades which include educational solutions. Although the activities of a corporation can be classified as either philanthropic or commercial, LEGO falls into two of these categories. It has created tools to aid teaching and learning as part of its commitment towards ensuring the universality of education, in particular, through the provision of a low-cost solution to STEM (Science, Technology, Engineering, Mathematics) education, also by helping children learn better and improving their cognitive and creative skills via literacy-focused products. The corporation,

in partnership with the Massachusetts Institute of Technology (MIT), developed a computer-enabled LEGO product to aid STEM learning (United Nations Global Compact, 2013). Other LEGO educational tools help in developing language and literacy skills, and creativity. Such products help teachers in increasing their pedagogical skills and thanks to them educators are provided with easy-to-use materials that facilitate learning in the classroom. What is more, LEGO is a source of inspiration for future scientists, engineers, and other STEM careers. Governments around the world such as Singapore and Peru as well as some US-based governmental agencies use LEGO educational solutions. This is simply because the products aid computational and mathematical skills which are relevant to jobs nowadays (Junec, 2017).

Oando Foundation

Oando Foundation was launched and financed by Oando petroleum, with the aim of providing access to education, in particular, quality basic education. Oando Foundation focuses primarily on Nigeria, according to United Nations Global Compact (2013). Nigeria has the largest number of out-of-school children in sub-Saharan Africa, in spite of the fact that primary education is supposed to be free. There are often other factors that may inhibit a child from attending school. The core of Oando Foundation's work is through school infrastructure in the country. The corporation through its Adopt-A-School initiative, in collaboration with the Nigerian Ministry of Education and the state's basic education boards, focuses on the improvement of education and learning outcomes. Particularly in the areas of retention enrollment, and transition through the following seven key areas:

- 1) provision of instructional aids and teachers' training;
- 2) increasing capacity of government education officials, especially at local levels;
- 3) construction and renovation of facilities and school buildings;
- 4) strengthening and establishing school-based management committees,
- 5) establishment of early childhood care and development centres;
- 6) provision of scholarships through the Oando Scholars Program;
- 7) establishment of an information and communication technology creative centre.

Oando's investment in education is aimed to provide a skilled workforce for the country. Various interventions have also helped to increase access to educational opportunities. The provision of the early childhood development centre has helped increase the enrollment rate in the areas. So far the foundation has adopted some schools in 23 states, trained teachers and awarded scholarships to students (Ramperasad & Skinner, 2014).

Nestlé

Nestlé is a Switzerland-based MNC interested in nutrition, wellness, and health. The corporation is committed to promoting education in the realms of health and nutrition, especially by combating malnutrition and obesity. The nexus between education and health cannot be overemphasised because the levels of children's educational

outcomes are determined – to a great extent – by their nutrition as poor health could negatively affect brain development. Therefore, educating children and parents about obesity and nutrition can help improve educational outcomes (Duprez-Naudy & Casas, 2014). The genesis of the programme was said to have started in communities where malnutrition and obesity were rife. It started with countries such as Russia, Brazil, and Portugal, but soon expanded to over 20 countries. With success achieved the programme was given a global outlook through the Nestlé Healthy Kids Global Programme which was aimed at changing pupils' behaviour around health and nutrition, with the desired impact of improvement in learning outcomes as well as economic and social development of societies. As of 2014, the programme is currently active in 73 countries. In developed countries Nestlé partners with local development partners in schools to address the issue of obesity among schoolchildren, whereas in developing or underdeveloped countries they focused on malnutrition (Johnson et al., 2013). The Healthy Kid's partners include governments, research organisations, and universities, civil societies which work with schools to teach teachers and cafeteria workers about health and nutrition both in practice and theory. The corporation also supports the UNSG Global Education First Initiatives which aims to improve youth and children's education, through the partnership of business-related support for the initiative. The impact of these on education is that the partnership with local education authorities and other stakeholders it has helped build capacity in schools thereby improving the efficiency of education (Powell, 2014).

Pricewaterhouse Coopers (PwC)

PwC is a global corporation offering audit, assurance, consulting and tax services. Its intervention in education was hinged on combining financial resources and skills-based volunteering. PwC leverages the skill of its employees to address issues in the US education system. Through the Earn Your Future commitments which include helping in developing critical financial skills, and providing educators with training and resources to teach those skills. The EYF by PwC increased the investment by 190 million USD towards achieving the goal. By investing in improving financial skills education PwC will help develop the skilled workforce in the country. PwC collaborated with Wharton High School to conduct a seminar on financial and business responsibility. PwC has also sponsored 500 secondary school administrators and educators to help bridge the problem of the financial knowledge literacy gap. PwC has also helped in developing financial literacy curriculum which includes JA Build your future App. Their employees receive training and collaborate with educators and impart financial literacy knowledge to students. So far, about 47,000 educators have received educational resources concerning financial literacy training (United Nations Global Compact, 2013).

Hess Corporation

Hess Corporation is an American energy corporation involved in the production of oil and gas operating in partnership with the government of Equatorial Guinea. As

the corporation's scope expands, it aims at making sustainable development through the betterment of basic education in the country. The establishment of the PRODEGE initiative (Eng. *Program for Education Development of Equatorial Guinea*) was designed to improve access to quality primary education in the country. So far, they have committed 40 million USD to training teachers, building primary schools and collecting data to aid educational policies and planning. The PRODEGE initiative has so far led to the certification of more than 900 teachers, and the provision of educational infrastructure for over 3,200 teachers in 54 schools. Also, a nationwide network called teachers circles was created to enable peer-to-peer support for teachers. (Kraus, 2010)

ING Bank

ING Bank is a Dutch MNC that partners with UNICEF with an aim to provide an access to education to children all over the world, through its ING Chances for Children. It is one of the employee initiatives aimed at fundraising and supporting children's rights to education. Apart from fundraising, the employees also volunteer for NGO operations for child rights and education. Since 2005, the total donation has stood at 31 million USD, and 800,000 children have benefitted from the scheme which has provided quality education and safer and healthier living conditions (ING, 2015).

Microsoft

Microsoft is a technology-based MNC with headquarters in the US. The corporation has incorporated SDG into its mission. Through a partnership with British Council, Project Badiliko was launched with the aim of improving digital literacy in sub-Saharan Africa. Microsoft sees educational initiatives as means of developing the world and opening new frontiers for the company to grow. The scheme was launched in 2011 to build 100 digital hubs across the following countries of the sub-Saharan region: Nigeria, Tanzania, Ethiopia, Ghana, and Kenya. The scheme introduces teachers and students to the basics of ICT to aid learning. Teachers also receive training in global citizenship curriculum, leadership and ICT teaching modules. They, in turn, train other teachers. So far, about 13,000 teachers have been trained, and 600,000 ICT learners have been impacted. The partnership was established, based on the fact that technology can be used to educate further through teachers' professional development, curriculum and content development. British Council liaises with government departments, teachers, and students to offer a global citizenship curriculum (Flanagan, 2016).

Apart from social development, access to educational opportunities is the central contribution towards an individual's welfare, community and national development. Corporations as an agent of globalisation can guarantee the advancement of commerce, markets, and technology to benefit societies and ultimately contribute to development. A lack of adequate skills and workforce could impede the activities of corporations in host countries. Low education levels make it difficult for a corporation to operate optimally thereby making it imperative for MNCs to engage in capacity-building for its workers and educational training for groups in the community to have a skilled population.

Conclusion

Corporations now play a complementary role in societal development, especially, in the realm of education. There is a need to increase financial commitment on their part in order to ensure the achievement of this development goal by 2030. The paper discussed the centrality of education to the achievement of the other seven goals of MDG which are: the eradication of extreme poverty and hunger; the promotion of gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria and other diseases; ensuring environment sustainability and, global partnership for development arguing. If the remaining seven goals are achieved, there is a need for investment in education which will propel another goal. The article explains the centrality of education to the achievement of other 16 SDG goals. Subsequently, the role of such corporations as Microsoft, Oando, Nestlé, LEGO, ING Bank, Standard Chartered, Pricewaterhouse Coopers (PwC), and Hess Corporation is identified. They have played towards sustaining education development around the world, especially in developing countries. Their intervention can be understood within the CSR theory which argues that philanthropy may not be the responsibility of corporations but it has been an important player in the society or public sphere. It is expected of corporations to be the part of the society where they operate and, most importantly, leave some positive imprints.

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