

The title is centered in a blue banner that has a diagonal cut on its right side. The text is white and reads: "Survey on the opinions of students of economic faculties about the role of the state in the economy".

Survey on the opinions of students of economic faculties about the role of the state in the economy

January, 2015

Methodology of the study and sample characteristic



Objective:

Survey on the opinions of students of economic faculties about the role of the state in the economy



Method:

Self-applied questionnaire

Interview duration: approximately 7 min.



Sample:

n=502;

Research conducted at higher education schools which hold top places in „Perspektywy 2014” ranking of economic faculties *.



Respondent:

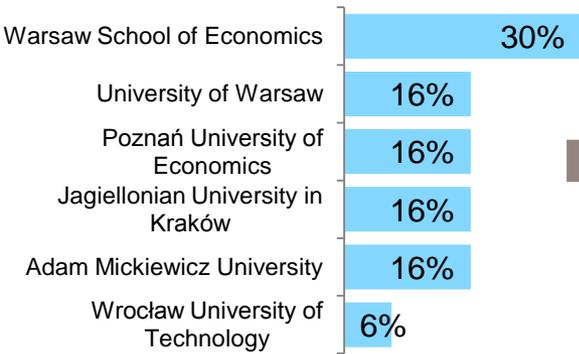
Students of higher years of studies (III, IV, V) of economic faculties (economy, management, finances and accounting, international economic relations ect.)



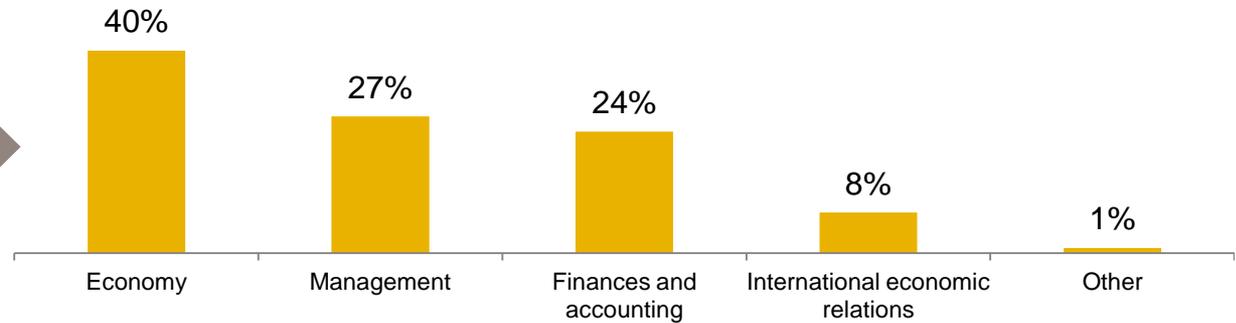
Fieldwork time

December 2014.

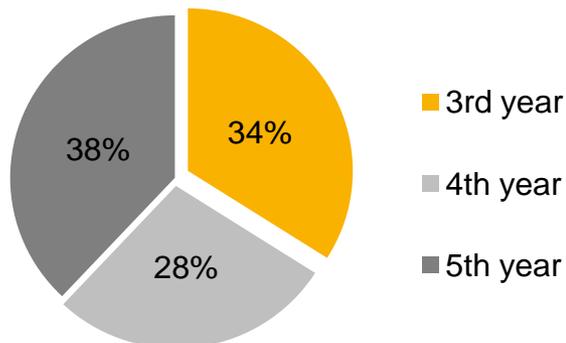
M3. Types of higher education school:



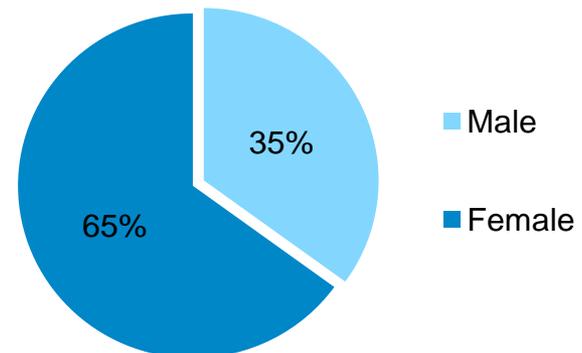
M2. Field of study



M1. Year of studies:



M4. Sex:



Main conclusions

- Since the creation of the capitalist system - that is, for more than 300 years – there have been carried out constant reflections on the optimal relation between the State and the economy. Although the basic principles of the capitalist economy, that is to say the dominance of the private property and free market - are not usually questioned, the object of the debate is whether, and to what extent the State should intervene in the market – whether it should control and regulate the market and also be an active player on it. Historical events, economic crises and the different concepts of social order influence the paradigm that prevails in the thinking about the economy. The 20th century saw the rise of the liberal doctrine, Keynesianism, monetarism, neoliberalism, and also of the welfare state and the Asian concept of the marriage of the State with the free market in the form of the Japanese *zaibatsu* or the Korean *chaebol*. Discussions of economists take place also today - stimulated by new experiences, such as the economic crisis of the financial markets which started in 2007.
- The purpose of this project was to study the views on the desired relationship between the State and the economy in a particular social group - among students of economics of the best faculties in Poland - the people who in their future professional career will operate in a specific socio-economic reality or even co-create it. Therefore it seems extremely important to describe their attitudes and expectations.
- While paying attention to the opinions of future economists, financiers and managers a wider social background should be taken into account. The experience of the socialist economy and political transformation has left its mark on the worldview of the Poles. Therefore, when considering the extent of the liberal attitudes among the students, it is worth remembering that they are representatives of the society expecting a substantial care from the State. According to CBOS (Public Opinion Research Centre) survey of 2013* 95% believe it is the duty of the State to ensure everybody the minimum wage, a pension or a disability pension in the amount allowing to survive, and free medical care, 88% - expect free university education, 84% - expect provision of housing, 81% - work in accordance with the qualifications, and 53% - prosperity

- ❑ In comparison to the general public that expects extensive social services and state welfare, the views of the future economists, financiers and managers might be considered very pro-market. Only 13% of students were in favor of the welfare state, while 75% chose solutions with a less significant role of the State, including 26% that chose the most liberal Anglo-Saxon model.
- ❑ On the basis of beliefs about the tasks that the State should or should not undertake regarding the economy, we can conclude that the greatest objections are raised by the State ownership, while most widely accepted are the actions in the field of foreign policy, attention to the value of money and creation of a legal framework for business activity.
- ❑ State ownership raises very mixed feelings. On the one hand, the majority considers State-owned enterprises (even the supporters of State participation in the economy) as politicized and less efficient than private enterprises. On the other hand, concerns about the loss of State control over key sectors and the inflow of foreign capital seem to be quite strong, which encourage some respondents to accept the shortcomings in the management of State-owned enterprises.
- ❑ Different ideas of how to build the strength of the Polish economy meet in the views of respondents: whether to build it by increasing the efficiency and competitiveness of enterprises as a result of privatization, or by the strategic actions of the State. 41% of respondents are in favor of the continuation of privatization, and respectively 62% and 42% - support favoring the strategic sectors under the tutelage of the State and for the creation of national champions. Moreover - they are not mutually exclusive groups. Among the supporters of privatization there are supporters of the activities related to the participation of the State in the economy, and vice versa. This regularity shows the complexity of the issue in the perception of the respondents and the lack of zero-ones solutions to the involvement of the State in economic processes.

- ❑ When asked about the most important tasks of the state, students of economics the most frequently cited the tasks which could be accepted also by the more liberal currents: attention to the value of money, creation of a legal framework, supervision of financial institutions (53-55% of responses). About half of them saw the role of the state in creating a foreign policy favorable to the country's economy and in determining the development strategy.
- ❑ Tasks involving the greater involvement of the State in the economy - whether as an owner or redistributor of national income – were clearly indicated less frequently. 36% of the respondents shared the opinion that the provision of basic services should be the role of companies and government agencies, 30% - that the State should mitigate economic inequalities by the redistribution of and only 14% - that the most important tasks of the State include the management of the companies of the strategic sectors.
- ❑ To study the limits of acceptance for the State interference in the economy, we asked also about which tasks the State should not undertake at all. At the top of the list there was a personnel policy in State-owned enterprises (35%) and management of the companies of the strategic sectors (26%). More than 13%-16% of the respondents would not also like the State to take care of the distribution of income, nor to determine the strategy of economic development and supervise financial institutions. The least controversial role of the State turned out to be the support for the country's economic interests in the international arena - only 4% would prefer that the State does not interfere in this matter also.
- ❑ In conclusion, it seems, therefore, that future economists, financiers and managers have the greatest objections regarding the ownership of the State in the economy. However, support of the national economic interest in foreign policy, taking care of the value of money or creating a broad sense of the legal order, are accepted.

- When asked which was the best economic model in their opinion, respondents most frequently (49%) indicated the German variant assuming moderate interference of the State, and one in four respondents (26%) chose the liberal Anglo-Saxon model. Much less chose the Scandinavian welfare State (13%) or the fairly distant and perhaps less known, Asian model (6%). Among the students of economics, therefore, we can see a slight preference for solutions with a slight limitation of the free market rules - although it is necessary to remember that half of them reserves for the State the opportunity to intervene in order to prevent economic crises and in the situation of a lack of cohesion in the direction of the development of the economy with social objectives.
- More than half of the respondents agree (“definitely agree” or “rather agree”) with liberal Statements about the economy, such as: *the best state is a state that minimally interferes with economic matters (51%), the State should intervene in the market only in emergency situations (53%), the State should provide products and services only if there are no private alternatives (55%), the State should establish a desired development strategy, and leave the rest to the free market (62%).*
- But what is interesting, also half of the respondents expressed reservations about market solutions without the state control, as they think they lead to a deepening of social inequalities and assigning the State a necessary role in ensuring sustainable development. It seems that the importance of achieving the objectives of the non-economic issues, is what differentiates the opinions of the respondents who see the difference between economic efficiency and sustainable development.
- Interesting conclusions can be drawn from the comparison of the views of supporters of different models of the relationship between the State and the economy. As expected, the respondents opting for the liberal model more often want to minimize the interference of the State in the market than those who supported the model of the social market economy and the welfare state. However, less frequently they believe in the ability of the State to eliminate effectively economic imbalances. It is worth noting that none of the parties is not orthodox in their beliefs. Among liberals, 38% said that government intervention is necessary to ensure sustainable development, while approx. 40% of the supporters of both the German and the Scandinavian models agree that the best state is the state that interferes as little as possible in the market.

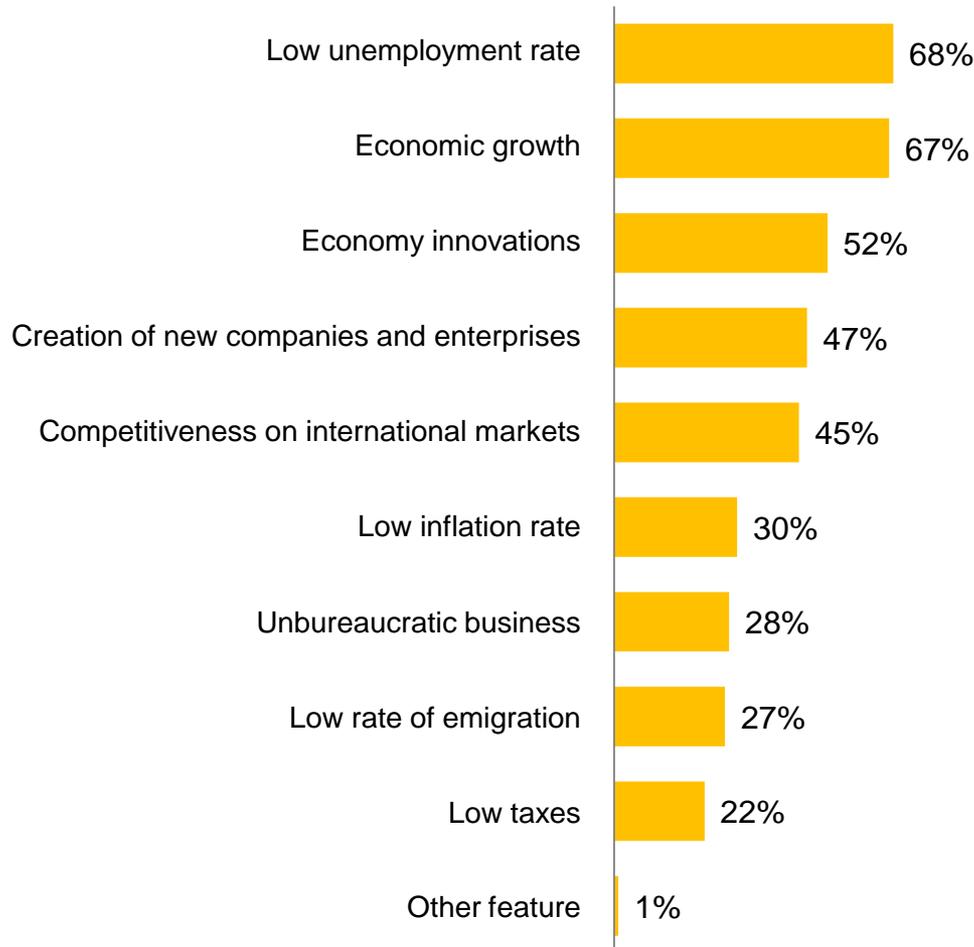
- 41% of respondents were in favor of the continuation of privatization in Poland, 24% - were in favor of stopping it at the current level. Only every tenth student was a supporter of re-privatization. Further privatization of enterprises is often supported by proponents of the liberal model (53% compared with 37% among the respondents advocating social market economy). Opinions on the ownership transformation is also differentiated by the assessment of the current economic situation in Poland. The people who consider it as a positive situation, more likely support the continuation of privatization (47%). Among the persons dissatisfied with the condition of the Polish economy, there is only 33% of the proponents of privatization, with an exceptionally high percentage (18%) of the respondents suggesting the need to reverse the process.
- Almost one third of the respondents do not see the need to exclude any sector from the privatization process. Among the industries which - according to the respondents - should remain in the hands of the State the most frequently mentioned was energy sector (44%), followed by – fuel sector (30%) and banks (28%).
- Considering the pros and cons of the privatization the students of economics paid more attention to the implications of this process related to the management and control than to the issue of the impact on public finances. Among the advantages of privatization on the first place a better management of the company and improvement of its competitiveness (55-57%) was mentioned, while least frequently – the reduction of financing unprofitable enterprises (40%) from the budget. As disadvantages of the privatisation primarily risks associated with the acquisition of companies by foreign capital were mentioned (51% - financial drainage, excessive foreign capital share in the market 40%). 39% of the respondents are afraid of losing control of the State over the major sectors of the economy and the high social costs of privatization. Only less a quarter indicated a loss of long-term profits at the expense of one-off income from sales as a defect.
- Supporters of the Anglo-Saxon model as the benefits of privatization often indicate improvement in the competitiveness of enterprises and better management. Supporters of the slightly less liberal models put more emphasis on the growth of innovation and the limitation of covering the loss from public money.

- ❑ The state ownership seems to be the most controversial way to intervene in the market. Although nearly two-thirds (62%) in general supports favoring strategic industries under the special protection of the State, the respondents expressed a negative opinion on the functioning of the state sector. Three quarters agree with the statement that the decisions and personnel policy in state-owned companies are often influenced by political interests rather than substantive reasons. The politicization of the management of state enterprises is perceived as popular – these reasons are equally often indicated by the supporters of privatization, as well as by the supporters of the creation of strategic sectors and of increasing state involvement in their management.
- ❑ The performance of state-owned enterprises is negatively assessed as well. 62% of the respondents believe that they will never be as effective as private companies. Although this view is more common among people with liberal attitudes (74-75% among the persons recognizing that the smaller the state interference in the market, the better, supporters of the Anglo-Saxon model and the continuation of privatization), it is also shared by a little more than half of the supporters of stopping the privatization process, of the social market economy or of the supporters of increasing the involvement of the State in the management of the companies of the strategic sectors.
- ❑ Therefore, it seems that the majority of respondents opting for a larger share of the State in the economy sees shortcomings in functioning of the state-owned enterprises, and in spite of the fact they opt for maintaining the State ownership. It is worth noting that among those who see the need for a greater involvement of the State in the management of strategic sectors there are expressed particularly often concerns that the privatization will lead to the loss of control over key industries and flood of foreign capital (each of these phenomena is indicated by about 50% as the most important disadvantages of privatization). Perhaps, then shortcomings of the state-owned enterprises are treated by this group of respondents as a necessary evil, that helps to prevent other adverse effects.

Study results

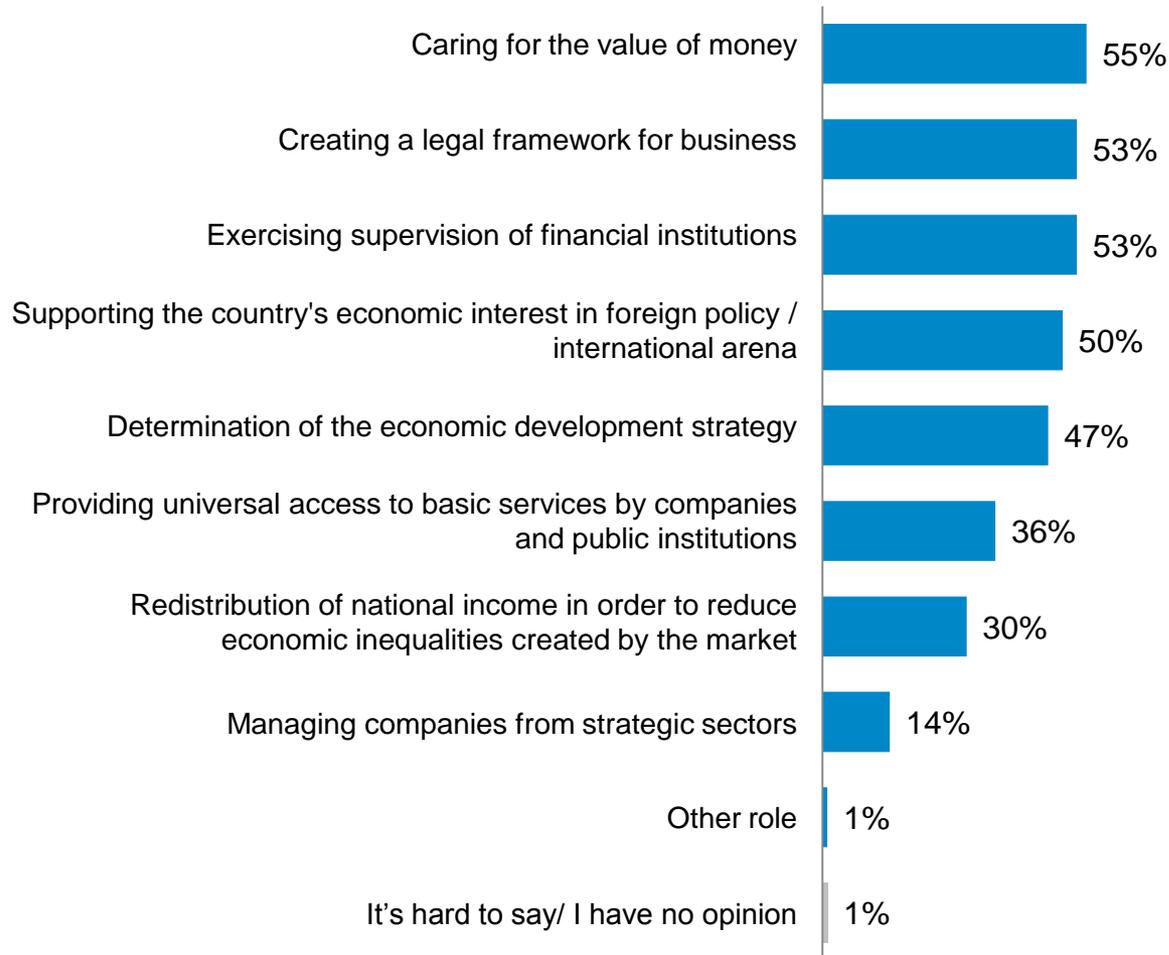
P1. What in your opinion are the most important features demonstrating a healthy economy, its positive development?

N=502



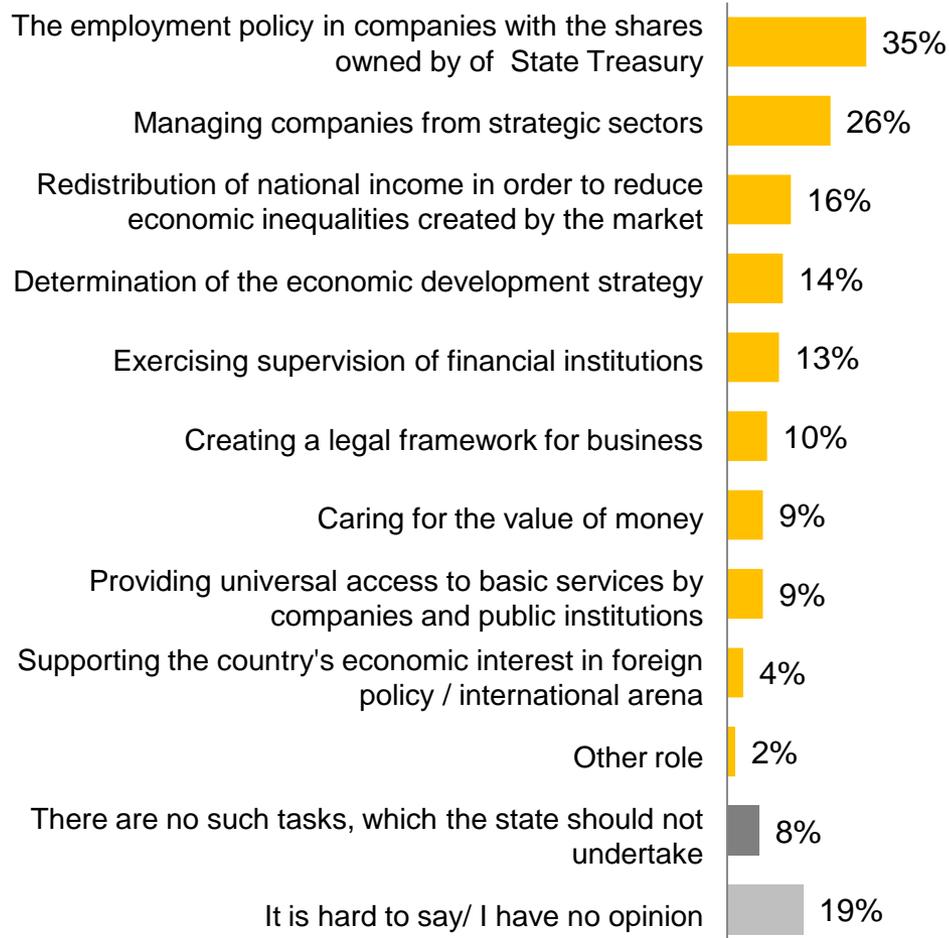
P2. What role should the state have in the economy?

N=502



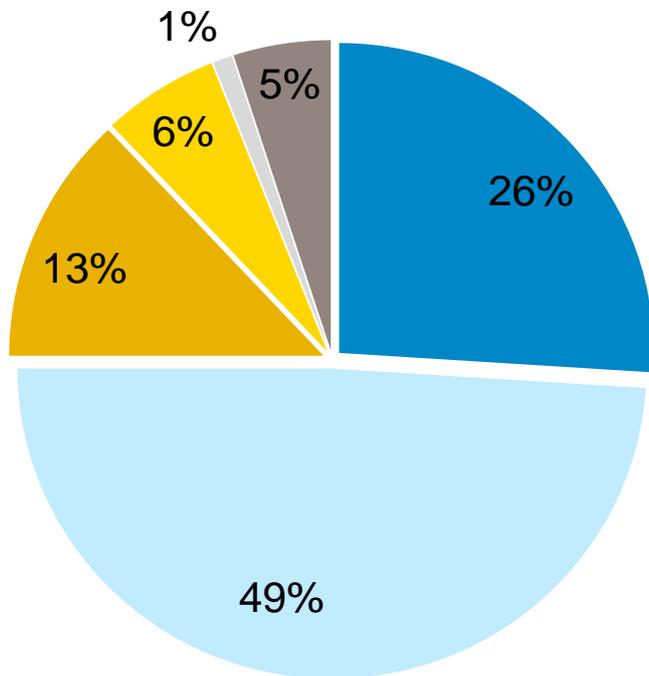
P3. Please indicate which of the following tasks the state should not undertake at all?

N=502



P4. In the world there are implemented various models of relations between the state and the economy. Please, indicate which model is the best in your opinion:

N=502



■ The Anglo-Saxon Model

a free-market model –the state interference is limited to the absolute minimum, it is assumed that only the full freedom of competition and flow of capital lead to the optimal allocation of resources.

■ The German model

a model of social market economy - the state has to create institutional conditions for the development of competition and economic growth, and if necessary to stabilize the economic situation and support achievement of social goals.

■ The Scandinavian model

the welfare state model - the capitalist market economy, with an active role of the state, which, by the high tax burden and redistribution of national income strives to provide an adequate standard of living and social benefits to all citizens.

■ The Japanese model

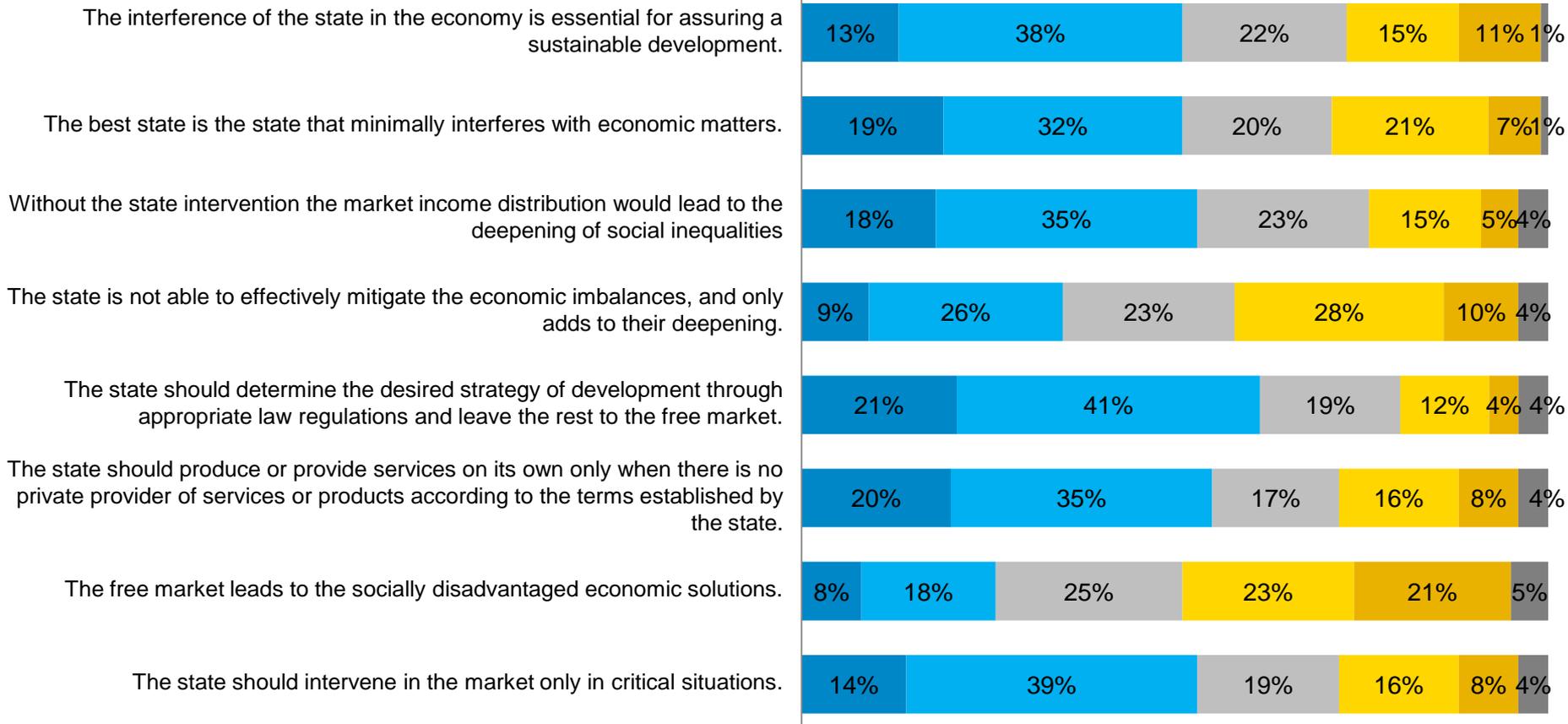
a model of a strong state that while maintaining the principles of the free market competition affects the activities of private companies to implement national economic and non-economic objectives. An entanglement of state administration with associations of companies of a given industry is characteristic for this model.

■ None of the above mentioned

■ It's hard to say/ I have no opinion

P5. For each statement indicate the extent to which you agree or disagree with the statement.

N=502



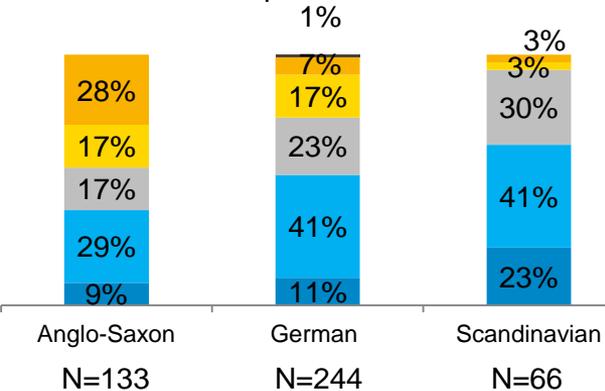
■ I definitely agree
 ■ I rather agree
 ■ I neither agree nor disagree
 ■ I rather disagree
 ■ I definitely disagree
 ■ no opinion

Opinions about the relations between the state and the economy

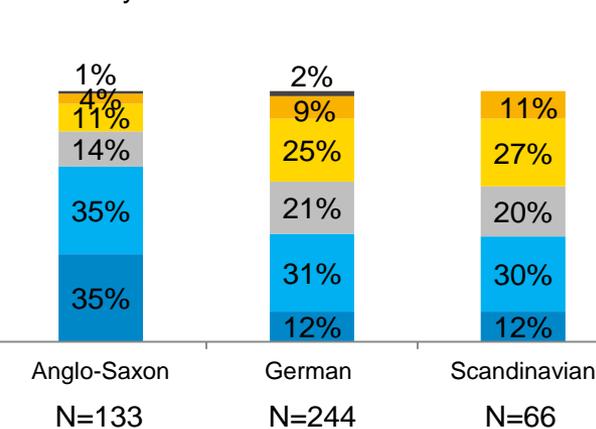
According to the preferred model of relations

P5. For each statement indicate the extent to which you agree or disagree with the statement.

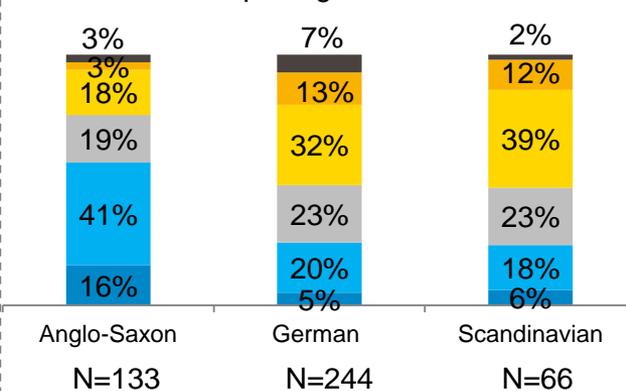
P5_1 The interference of the state in the economy is essential for assuring a sustainable development.



P5_2 The best state is the state that minimally interferes with economic matters.

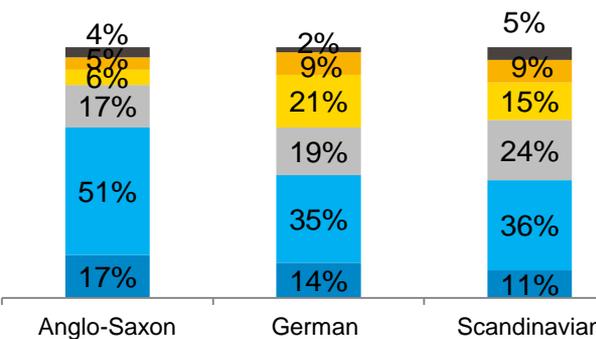
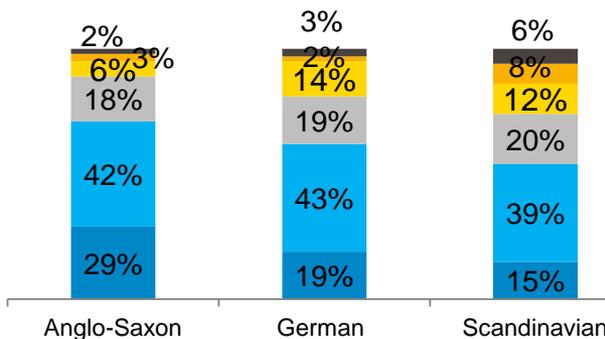


P5_4 The state is not able to effectively mitigate the economic imbalances, and only adds to their deepening.



P5_5 The state should determine the desired strategy of development through appropriate law regulations and leave the rest to the free market.

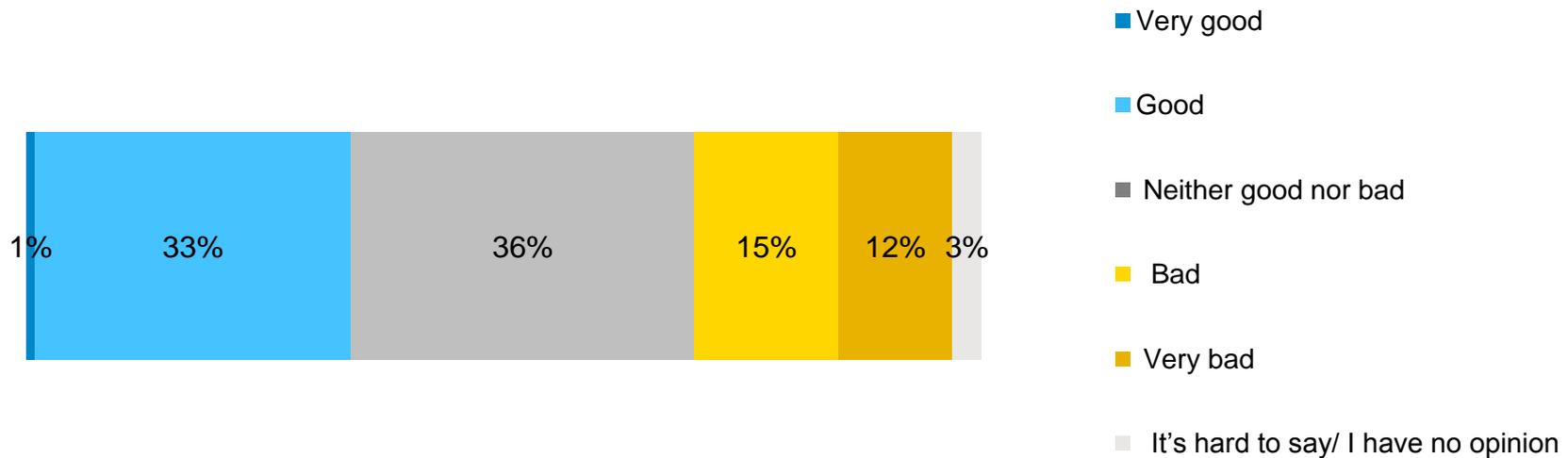
P5_8 The state should intervene in the market only in critical situations.



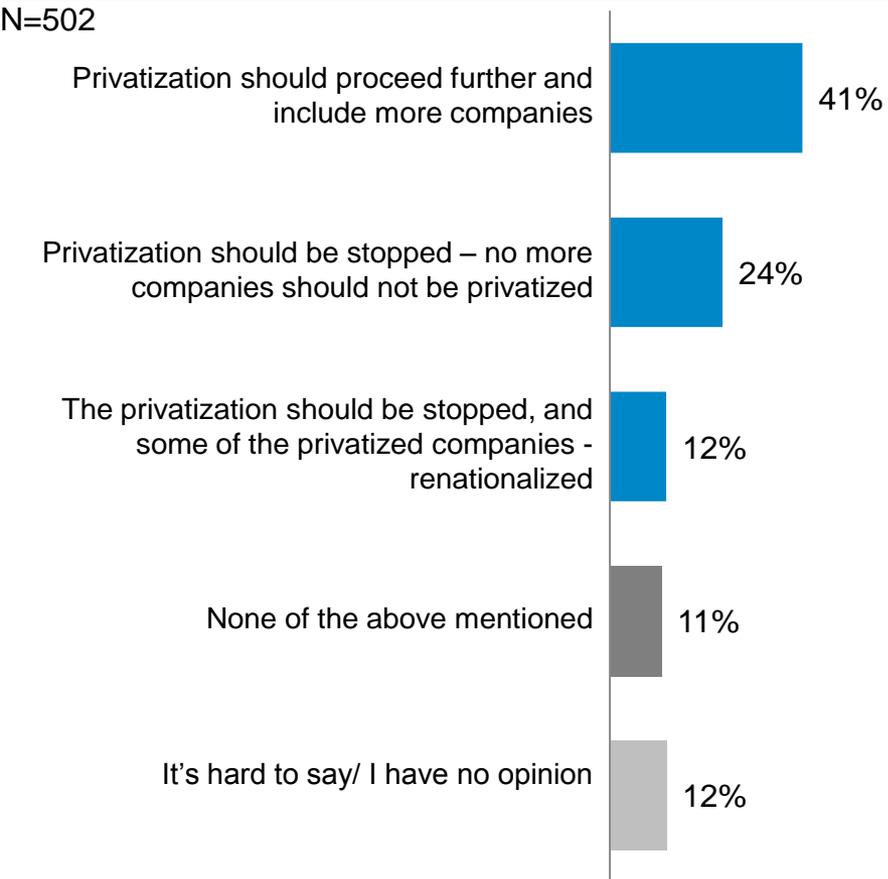
- I definitely agree
- I rather agree
- I neither agree nor disagree
- I rather disagree
- I definitely disagree
- no opinion

P6. What is your opinion on the current economic situation in Poland?

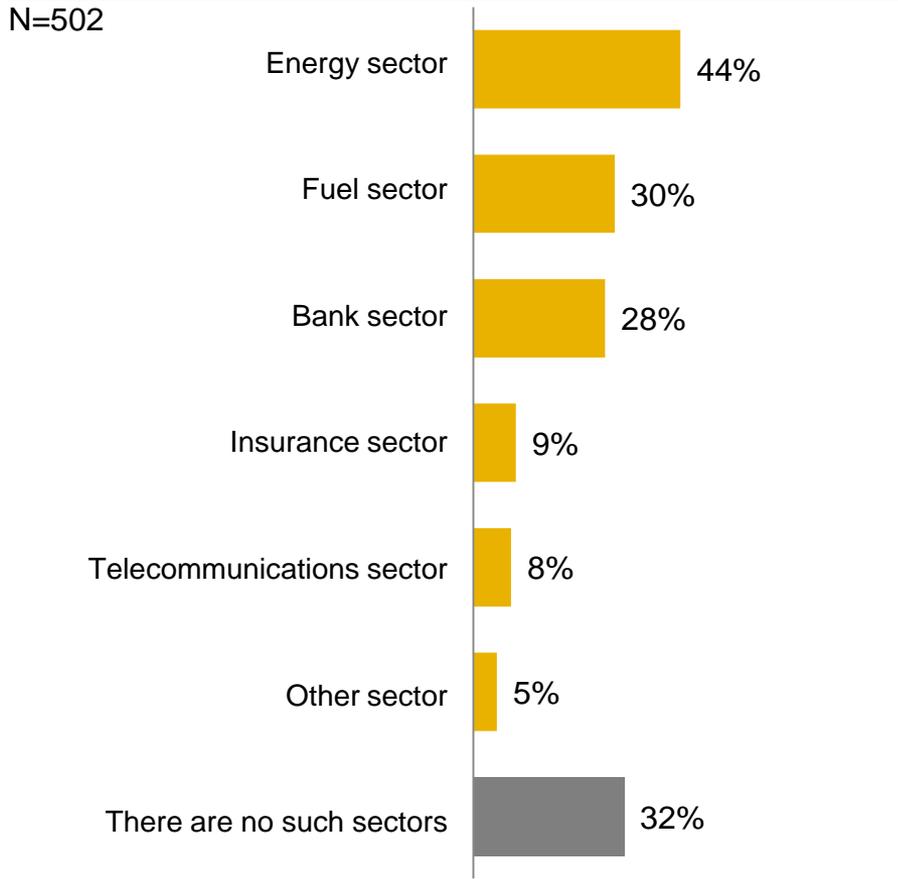
N=502



P7. Which of the following opinions on privatization in Poland best describes your own opinion



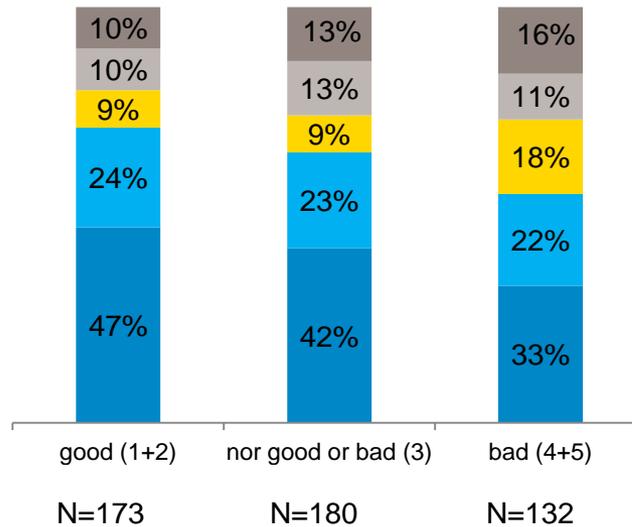
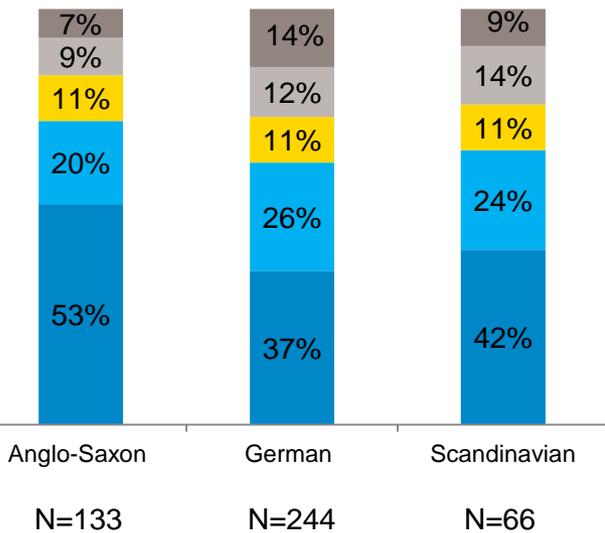
P8. In your opinion, are there in Poland any sectors of strateg importance, which should not be privatized?



Opinions on privatization in Poland

According to the preferred model of relations and the assessment of economic situation

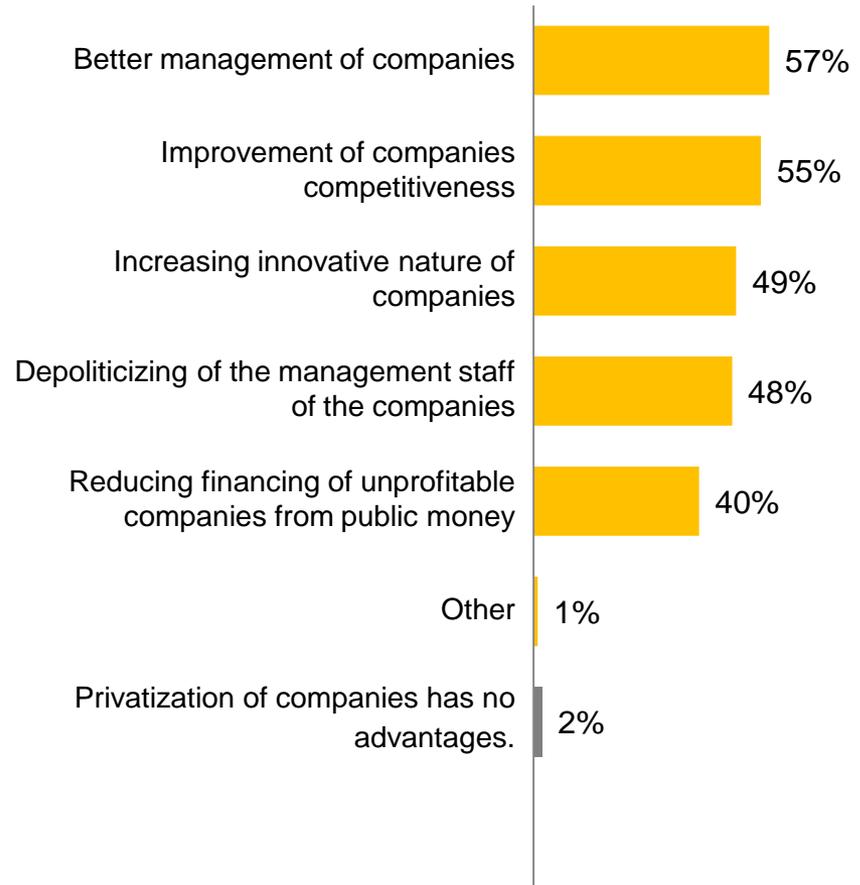
P7. Which of the following opinions on privatization in Poland best describes your own opinion



- Privatization should proceed further and include more companies
- Privatization should be stopped – no more companies should not be privatized
- The privatization should be stopped, and some of the privatized companies - renationalised
- None of the above mentioned
- It's hard to say/ I have no opinion

P12. What are, in your opinion, the advantages of privatization of companies?

N=502



P13. What are, in your opinion, disadvantages of privatization?

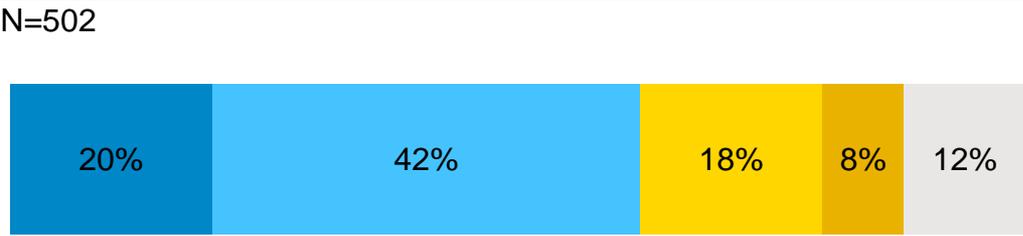
N=502



The possibility of indicating 3 most important advantages. The figures do not add up to 100%.

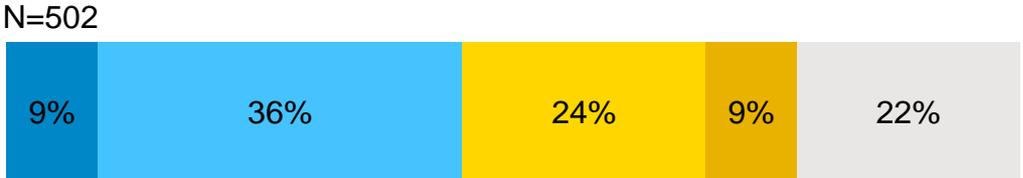
The possibility of indicating 3 most important disadvantages. The figures do not add up to 100%.

P9. Is it necessary at all to distinguish strategic industries covered by the special protection of the state - that is, those in which the state has its shares, and in the development of which it invests?



- Definitely yes
- Rather yes
- Rather not
- Definitely no
- I have no opinion

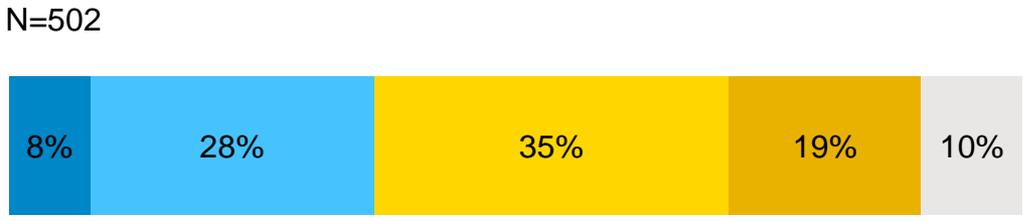
P10. Do you support the idea of creating national state champions* in Poland?



- I definitely support
- I rather support
- I rather don't support
- I definitely don't support
- I have no opinion

* In some countries in the world, the state implements the development policy of, so called, "national champions". It involves creation of national capital groups in selected sectors of the economy. Large companies, created in this way, operate according to the principle of economies of scale, and are preferentially treated by the state.

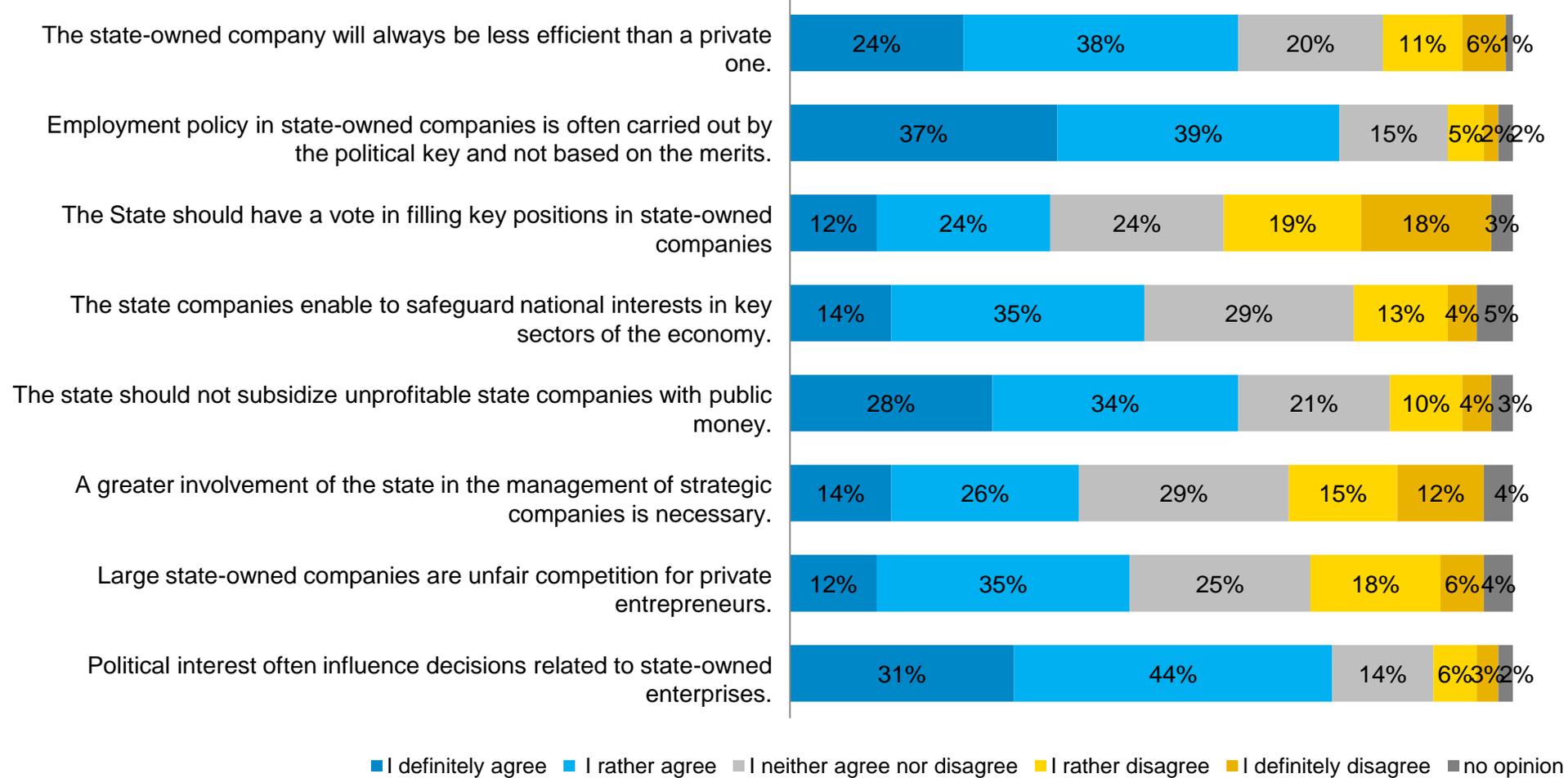
P11. Do you think the state should protect its own market by limiting access to the market for the foreign investors?



- Definitely yes
- Rather yes
- Rather not
- Definitely no
- I have no opinion

P14. For each statement indicate the extent to which you agree or disagree with the statement.

N=502



Opinions on the state-owned enterprises

According to the preferred model of relations

P14. For each statement indicate the extent to which you agree or disagree with the statement.

P14_1 The state-owned company will always be less efficient than a private one

P14_5 The state should not subsidize unprofitable state companies with public money.



- I definitely agree
- I rather agree
- I neither agree nor disagree
- I rather disagree
- I definitely disagree
- no opinion

P14_6 A greater involvement of the state in the management of strategic companies is necessary.

P14_8 Political interest often influence decisions related to state-owned enterprises.

