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PROBLEMS WITH ECONOMISATION OF THE ENVIRONMENTAL POLICY IN POLAND

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ABSTRACT: The aim of this paper is to identify and assess the main problems with economisation of the environmental policy in Poland. The first part presents the significance of economisation in setting the environmental policy objectives, the second part indicates the problems with economising the activities pursued by the entities which create and supervise the policy, and the third part points to the problems with economising the policy instruments. The Polish environmental policy was oriented towards using aid from the European Union to the maximum possible extent. After 2020, this source of funding will play a minor role. In order to economise the environmental policy, the environmental law needs to be amended and the role of economic and market instruments of this policy must increase.

KEYWORDS: Environmental policy, environmental law, instruments

Introduction

According to Webster Dictionary, economisation is “the act or practice of using resources to the best effect.” Economisation is subordinating a particular sphere of the human life to economic and market rules and economic calculation (Polak, Polak, 2013). Economisation consists in applying the principle of effect maximisation with specific resources available or the principle of minimising the resources for achieving a given objective. Economisation is one of the principal directives for rational and effective measures.

The notion of economisation usually refers to measures serving the purpose of achieving objectives. An example here is the following definition: “Striving for increasing cost-effectiveness is economisation. It consists in selecting the most effective (the best) measure possible in terms of the assumed objective and the conditions limiting the objective” (Stabryła, Trzcieniecki, 1986, p. 37). The pressure for economisation results directly from the necessity for a commercial entity to survive on the market. The objectives pursued by non-profit, for instance governmental, organisations, are different. For them, economisation of measures means “a method of building financial stability of an organisation, maintaining its independence and increasing the scale of social impact” (Juraszek-Kopacz, Sienicka, Zagrodzka, 2008, p. 5). Normally, such organisations’ own sources of funding their activities are not efficient enough to make them independent of external sources. However, non-compliance with the requirement of economisation could mean a decrease in the stream of funds obtained from such sources and restriction of the scope of activities, or even failure to achieve the objectives. This, in consequence, leads to the liquidation of the entity.

It is worth looking at the problem of economisation with reference to public and local government authorities. There is a shortage of studies which would present such issues for Polish conditions. The aim of this paper is to identify and assess the major problems with economisation of the environmental policy in Poland.

The environmental policy is a conscious and purposeful activity of the state involving reasonable use of the resources and values of the natural environment, its proper protection, and skilful formation based on the theoretical and practical knowledge acquired by the humanity. The state does it by introducing laws and regulations (Fiedor, Graczyk, 2015).

Problems with economisation of the environmental policy can be analysed from various viewpoints. This paper presents them by: the place of the economisation in the environmental policy, measures taken by entities creat-

ing and supervising the environmental policy, and the economic and market instruments applied within the policy.

Place of economisation in determining the objectives of the environmental policy

The objectives of the national environmental policy are a premise for determining objectives at lower levels of the state and local government administration. Such objectives are determined within the environmental law. In its initial form, the Environmental Protection Law contained provisions on the economic aspect of the national environmental policy. Article 14 stipulates that the national environmental policy shall specify in particular:

- environmental objectives,
- environmental priorities,
- the type and schedule of environmentally-friendly measures,
- resources required for achieving the objectives, including legal and economic mechanisms and funds.

It was particularly point four that enforced handling economic issues of the policy. That meant the obligation for the environmental policy to specify solutions referring to developing and using economic mechanisms and appropriate economic instruments of the policy. Points two and three in combination with point four, in turn, encouraged allowing for the efficiency of the allocated funds in programming the measures of the environmental policy.

Moreover, it is stipulated that the national environmental policy shall be adopted for four years and the measures provided there shall cover four consecutive years. Setting a relatively short time horizon for the policy's validity with a prospect for the next period enabled an update and adjustment, if any, of the applied economic solutions.

The current version of the Act does not contain the above provisions and Article 14 stipulates that the environmental protection policy shall be implemented based on the development strategy, programmes and programming documents referred to in the Act of 6 December 2006 on the Principles of Development Policy (Dz. U. of 2016 item 383). The environmental protection policy is implemented also by means of voivodship, powiat and gmina environmental policy programmes.

This, in fact, meant that any provisions on the economic aspect of the policy shall be contained in the documents referred to in the current version in Article 14 rather than in the environmental policy itself. Thus the systemic obligations to economise the environmental policy was waived. The main

area of the decisions made in the said documents is selection of objectives. There is no obligation to optimise the selection economically or to indicate the economic mechanisms or instruments serving the purpose of achieving these objectives.

An example of such an approach to economic issues are the provisions of the Programme Infrastructure and Environment, which is the most significant programme for implementing the environmental policy. The approach presented in this Programme can be considered typical, which arises among others from the fact that the Programme was the basis and model for other documents at the national and regional level.

The Programme Infrastructure and Environment 2014–2020 (Ministry, 2014, p.20) contains a part titled “Justification of the financial allocation.” It reads: “The Programme refers to national objectives in the area of sustainable development, while maintaining cohesion and balance between investment activities in terms of the necessary infrastructure and support for selected areas of the economy.” It also indicates: “Measures implemented under the Programme have been selected so as to contribute to the greatest extent possible to the achievement of the main objective, i.e. promoting resource efficient and environmentally friendly economy conducive to social and territorial cohesion. The design of the operational Programme is no longer founded on the sector-based approach understood as striving to achieve strategic objectives through an accumulation of interventions in individual sectors. This approach has been replaced by an integrated approach, which assumes the primacy of thematic objectives and a selection of adequate support instruments that could match their purposes.” The justification further states that “cross-sectoral interventions will be undertaken in various areas, although their strategic objectives should not apply to individual sectors of the economy. Adopting this approach is also associated with the need to strengthen investment efficiency through a broader application of the complementarity principle with respect to financial interventions of operations.”

The above statements can hardly be considered a way of explaining the method of selecting and, even more so, of projecting economic solutions. The Programme focuses on objectives and the main axis of its structure is to become a part of the objectives that are required or acceptable at the European Union level. It is a condition of access to EU funds, which are a significant, and in some cases the major, source of funding programmes. The issue of the efficiency of the funds’ allocation is not analysed. The problem with addressing and performing investment tasks or other projects serving the purpose of achieving objectives was left to the procedures of processing applications for funding. Hence, economisation consists in using cost-effec-

tiveness at the stage of qualifying and performing the tasks provided for in programmes rather than at the stage of their selection.

Therefore, the source of problems with economisation of the environmental policy is the fact that its objectives are supposed to be achieved through programmes. There are no economisation mechanisms incorporated in the programmes. When constructing such programmes, the principle of maximising objectives within the available funds could be used. This type of approach is not, however, noticeable in the presented selection of objectives. Instead, there are statements about cohesion, integration or sustainability of objectives.

Economisation of measures taken by entities creating and supervising the environmental policy

The significance of economisation in developing and implementing the environmental policy varies depending on the type of the entity. It is the strictness of the budgetary constraints which are faced by the entity and the nature of its general objectives, apart from the objectives regarding the environmental policy, that are fundamental.

The government and its agencies are in a situation where ceasing operations due to problems with financing them is not taken into account. It does not mean, however, resignation from the necessity to economise operations. In such a case, the scope of the objectives which can be set and achieved is reduced. As a consequence, the country's development potential decreases and the chances for remaining in power are lost in elections.

However, it is worth emphasising that economisation is not the only premise for governmental entities' operations. They apply various selection criteria. What is beneficial in economic terms can prove unbeneficial in social and political terms. Particular significance can be attributed to the criterion of effectiveness. It is rarely accompanied by the principle of economisation; instead, acting in accordance with the "achieve a goal at any cost" principle is more common.

Local government authorities follow different conditions determining the significance of economisation in their activities. Their budgets are contingent on income. They cannot maintain deficit for a long time and finance it with a rolled over public debt. At the same time, they are burdened with numerous own tasks which they have to programme and fund with their own budgetary resources.

Due to the limited availability period of abundant EU funds, it is necessary to develop a new model of operations performed by entities responsible for the environmental policy. Economisation of their operations in the area of

the environmental policy should use praxeological principles: minimisation of intervention, anticipation, potentiation, and automation.

The substance of the principle of intervention minimisation is encouraging an economic entity to interfere with the course of events to the minimum possible extent at the same time striving at achieving its own objectives. The optimum variant of employing this principle comes down to a mere observation of the process proceeding on its own by the entity. The anticipation principle provides that if an entity wants to achieve a desired state of affairs at a given time with the lowest possible consumption of resources, it should establish such a state of affairs as would lead to the state of affairs intended at a given time on its own, if possible, so that supervision is enough for its maintenance. The essence of the potentiation principle is replacing a given measure with a demonstration of its potential or enabling someone to achieve something instead of supplying it to them directly. The principle of automation of measures orients them towards achieving the assumed objectives through preparation for taking measures, imitating others' work after thinking over and synchronising all measures beforehand. Automation within this meaning can assume the form of "practice", "imitative actions" and "subjection of one's own or someone else's actions to the pattern of a given system of conduct"¹.

Therefore, implementing economisation to the practice of the functioning of the authorities responsible for the environmental policy means preparation for taking measures which will have relatively stable and self-regulating bases. The crucial role will be played here by economisation of the environmental policy instruments.

Economisation of the environmental policy instruments

What should be the basis for economisation of the environmental policy is a broad application of economic and market instruments. They enable the use of indirect coercion against the entities being addressees of such instruments. Allowing for the instruments in their microeconomic calculations, the entities ought to make decisions which will orient their activities towards behaviours that are proper from the standpoint of the environmental policy.

From the theoretical point of view, social costs of achieving the desired environmental use/pollution level can be significantly reduced owing to that (in comparison to the costs of employing direct regulation methods). The economic and market instruments of the environmental policy are supposed to achieve one or more of the major objectives (Graczyk 2013, p. 114):

¹ Based on: (Stabryła, Trzcieniecki 1986).

- remedying market errors arising from not fully or not properly defined property rights;
- setting a price for using the environmental values and resources and for the damage to the environment;
- subsidising a shift to the behaviours preferred by the environmental policy.

Moreover, many economic and market instruments generate revenue for the public sector.

Such instruments were provided for to the greatest extent in the second environmental policy². It was stipulated there that the principle of environmental effectiveness and economic efficiency shall apply to the selection of the planned investment projects in the area of environmental protection (or in broader terms: projects requiring financial outlays) and later, during and after their implementation, to the evaluation of the achieved results.

It was indicated that the economic and market mechanisms used in the environmental policy shall fulfil two functions (Council 2001):

- they complement or enhance the effect of legal and administrative instruments due to the fact that the mechanisms offer economic incentives for complying with legal and administrative requirements and – within the limits defined by legal regulations – enable the entities to make decisions on environmental protection with the economic benefits achieved through that taken into account,
- they enable minimisation of the social costs of environmental protection. This means that whenever a given environmental use or pollution level can be selected, decisions on protective projects should be made by the entities for which the environmental protection costs are the lowest. Another aspect of this possibility consists in comparing the costs of reducing environmental pollution with the level of environmental encumbrances related to the pollution by a given economic entity. Where payments for environmental pollution exceed the reduction costs, this type of analysis can determine the economically justified level of the protective operations taken by economic entities.

These premises were followed by a proposition of an extensive implementation of various economic instruments and funding mechanisms. They were also covered by the executive programme to the second environmental policy (Council 2002a). Some of them were implemented to the practice of the environmental policy and environmental protection management³.

² The author of this paper, together with Professor Bogusław Fiedor, prepared propositions and provisions regarding the economic and financial mechanisms of the policy

³ This process is evaluated in the paper: (Fiedor, Graczyk 2015)

A majority, however, were never implemented despite being conceptually prepared and accompanied by drafts of relevant legal acts (Council 2008).

Subsequent environmental policies were developed under the Environmental Protection Law. They applied for a term of four years and were prepared with extensive absorption of EU funds in mind. The scope of economisation of the policy was significantly restricted (Council 2002b). The main medium term objective of the last of the prepared policies was to launch such legal, economic and educational mechanisms as would result in the development of environmentally-friendly production of goods and in conscious consumer attitudes that are compliant with the principle of sustainable development. Such measures would cover full internalisation of external costs involved in environmental pressure (Resolution 2009). There were, however, no programming instruments and mechanisms serving the purpose of economisation of the environmental policy. This opinion is confirmed by the fact that provisions regarding these issues were not included in the report on the policy implementation (Sejm 2014).

Hence, gradual marginalisation of the issues related to economic and market instruments and mechanisms in the environmental policy has become a problem. Furthermore, another environmental policy for the period 2012–2016 or 2016–2020 has not been prepared. Its execution has been confined to programmes and strategies focusing on objectives rather than handling their appropriate association with the measures of the environmental policy operations.

There is, however, the need for taking such issues into consideration, at least with reference to the implemented programmes. This is confirmed by another report on the environmental policy implementation with the participation of the environmental protection and water management funds. It states: “In addition to the implemented and planned improvements to increase the results of ongoing programmes, it is essential to place even greater emphasis on the costeffectiveness of the subsidized projects and including this aspect in the project evaluation criteria. Given the enormous needs in the field of environment and water management, each pool of funds expended should give much greater effect than in previous years, and the returnable mechanisms of support should be used wherever it is economically justified” (FUNDEKO 2012).

A change in the approach to economic instruments of environmental protection has been postulated for a long time. This was manifested in a renewed EU strategy for sustainable development (Council 2006). In 2007, the European Union commenced a debate on increased use of market instruments in environmental protection. The economic justification for applying market instruments provided in the Green Paper (Commission 2007) of 2007 is

“their ability to correct market-failures in a cost-effective way. Market failure refers to a situation in which markets are either entirely lacking (e.g. environmental assets having the nature of public goods) or do not sufficiently account for the “true” or social cost of economic activity” (Commission 2007, p. 3). The notion of market instruments in the cited document is understood as virtually all forms of impact where payment for using environmental resources or services is required. Therefore, it is about ways of public intervention which uses market signals in the form of influencing prices (through taxes or incentives), by setting absolute quantities of the pollution introduced to the environment (or quantities per the unit of output), and then by issuing emission permits and launching trade in such permits (Communication 2000).

Conclusions

Solving the problems with scarcity of environmental resources and risks for the environmental quality needs to have an economic and market dimension. Many development problems faced by the Polish economy require economisation of the sphere of using the environment.

The consequences of the departure from economisation of the environmental policy concern various areas. It is worth noticing not only the missed opportunities but also threats arising from the fact that the model of funding environmental protection programmes must change. It will be necessary to provide for the conditions serving the purpose of reinforcing economic criteria when constructing programming documents in the environmental law.

The practice of the environmental policy to date has been characterised by strong dependence on implementing projects funded or subsidised under EU programmes. After 2020, EU funding will no longer be so abundant and available. Subsidising activities with EU funds will play a significantly smaller role in the environmental policy. Therefore, the role of economisation of this policy and its measures will increase. Hence, it will be necessary to enhance the significance of economic criteria when building programmes and strategies.

Another problem is varying degrees of interest in economisation of the environmental policy among authorities at various levels. The major priorities, objectives and tasks of the policy are determined by authorities at the national level. They do not face, however, stringent budget constraints. Moreover, the area of the environmental policy is relatively separated and does not compete for funding with other areas at this level of authority. The problem with economisation is different for authorities at a lower level. The range of the policy objectives to select from is very limited on their terrain as many

of them are specifications of the objectives adopted at the central level. The funds for performing the tasks of the environmental policy normally compete with other areas for the execution of which such authorities are responsible. Therefore, they are interested in economising the environmental policy measures at their operations level to a greater extent. Economisation should also mean implementation of its praxeological principles to the activities of the authorities responsible for the environmental policy.

There is a need to commence works on an amendment to or even a new version of the national environmental policy, with a redefinition of its role, objectives and conditions of applying economic and market instruments in combination with funding mechanisms for the environmental policy. They should be primarily used for increasing cost-effectiveness and international competitiveness of the Polish economy (Fiedor, Graczyk, 2015).

A significant role in modifying the environmental policy should be played by market solutions⁴. They enable minimisation of social costs of achieving the environmental policy objectives and thus permit implementation of a broader scope of projects for environmental protection. They are also consistent with the praxeological approach to economisation. The concept of Europe's development for the coming decades provides space for an extensive use of the market through the environmental policy⁵. Applying market instruments to environmental protection allows the use of market signals and adjusting the situations where market mechanisms fail, without incurring excessive costs (Commission 2007).

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