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## CONSTITUTIONAL AND LEGAL MECHANISMS OF REGULATION OF ECONOMIC SOCIAL RELATIONS IN THE SECOND POLISH REPUBLIC

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### **Visyn V.V., Lenher Y.I. Constitutional and legal mechanisms of regulation of economic social relations in the Second Polish Republic.**

The constitutional and legal mechanisms of regulation of economic social relations in the Polish state in the 20-30s of the twentieth century are investigated. It is determined that the fundamental constitutional and legal institutions of the economic system are property, labor, and the financial system. Constitutional regulation of the sphere of economic organization of social life of different states is not the same in form and volume. Based on the analyzed broad legislative framework, it is stated that in the first half of the 20s of the twentieth century. political, economic and legislative formation of the Polish state took place. Reforming the financial system, agriculture, trade contributed to the formation of the Polish economic system. It is noted that the intervention of state bodies in economic affairs was minimal, which contributed to the development of various industries of the country and the economy as a whole. In the period from the May 1926 coup to the beginning of the world economic crisis, Polish legislation began to change from free democratic to authoritarian. The situation was characterized by contradictory trends: on the one hand, democratic institutions and the Constitution of 1921 remained, on the other hand, the executive branch demonstrated the desire to govern the state, despite the parliament and political parties. The new legislation introduced by the Pilsudchiks in the first half of the 30s, on the one hand, was aimed at overcoming the crisis in the economy, and on the other hand, it was marked by increased interference of power in all spheres of society. It is stated that in the interwar period, the Second

Polish Republic quickly created and developed its own economy. This was achieved thanks to the well-established system of economic social relations of the Polish state – the system of relations of property, production, exchange, distribution and consumption of material and spiritual goods. The leading role in this was played by the liberal, democratic constitutional and legal field, which became an effective mechanism for regulating the economic activity of the state. shows effective ways, forms and methods. It is recommended to use the experience of developing the legislation of the Polish state to improve modern Ukrainian economic law.

**Key words:** constitution, legal system, legislation, Second Polish Republic, economic system, social relations, property, labor, financial system.

### **Вісин В.В., Ленгер Я.І. Конституційно-правові механізми регулювання економічних суспільних відносин в Другій Речі Посполитій.**

Досліджено конституційно-правові механізми регулювання економічних суспільних відносин в польській державі в 20–30-х роках ХХ ст. Визначено, що засадничими конституційно-правовими інституціями економічної системи є власність, праця, фінансова система. Конституційна регламентація сфери економічної організації суспільного життя різних держав неоднакова за формою й обсягом. На підставі проаналізованої широкої законодавчої бази констатовано, що в першій половині 20-х років ХХ ст. відбулося політичне, економічне та законодавче становлення польської держави. Реформування фінансової системи, сільського господар-

ства, торгівлі сприяло становленню польської економічної системи. Зазначено, що втручання державних органів у господарські справи було мінімальним, що сприяло розвитку різних галузей виробництва країни й економіки загалом. У період від травневого перевороту 1926 р. до початку світової економічної кризи польське законодавство почало змінюватися з вільного демократичного на авторитарне. Ситуація характеризувалася суперечливими тенденціями: з одного боку, збереглися демократичні інститути й Конституція 1921 р., із другого – виконавча влада демонструвала прагнення управляти державою, незважаючи на парламент та політичні партії. Нове законодавство, запроваджене пілсудчиками в першій половині 30-х років, з одного боку, спрямовувалося на подолання кризових явищ в економіці, а з іншого – відзначалося посиленням утручанням влади у всі сфери життя суспільства. Констатовано, що у міжвоєнний період Друга Річ Посполита швидко створила й розвинула власну економіку. Це було досягнуто, завдяки налагодженій системі економічних суспільних відносин польської держави – системі відносин власності, виробництва, обміну, розподілу і споживання матеріальних і духовних благ. Провідну роль у цьому відіграло ліберальне, демократичне конституційно-правове поле, яке стало ефективним механізмом регулювання господарської діяльності держави.

Рекомендовано використовувати досвід розробки законодавства польської держави для удосконалення сучасного українського права в сфері економіки.

**Ключові слова:** конституція, правова система, законодавство, Друга Річ Посполита, економічна система, суспільні відносини, власність, праця, фінансова система.

**Entry.** Reforming economic relations, which is long overdue in our country, is impossible without taking into account the accumulated historical experience in the field of constitutional and legal regulation of economic activity. In the past, the liberal legislation of the Polish state allowed to quickly establish the formation and development of the economy of the newly-established state. Therefore, it is relevant to study the constitutional and legal factors of regulation of economic social relations in the Second Polish Republic. Disclosure of this issue will allow to better assess the degree of development of the legislation of the Polish state and will allow to improve modern Ukrainian economic law. This issue is to some extent revealed in the scientific works of V. Shapoval, T. Zaretska, V. Pobud-Malinovsky, L. Zashkilnyak, M. Krykun and others. [1]. However, the legal framework and peculiarities of legislation on economic social relations in the Second Polish Republic remain

poorly researched. The purpose of the article is to highlight the constitutional and legal mechanisms for regulating economic social relations in the Polish state in the 20-30s of the twentieth century.

**Presentation of the main research material.** The fundamental constitutional and legal institutions of the economic system are property, labor, and the financial system. Constitutional regulation of the sphere of economic organization of social life of different states is not the same in form and volume. For a long time, it was reduced to enshrining in the basic laws the right of private property, as a natural human right. Most developed countries proclaimed freedom of entrepreneurial activity, enshrined at the constitutional level the principle of inviolability of property and limited state intervention in market relations. Instead, in the countries of totalitarian socialism, the state form is the highest form of ownership, and private property is limited in nature and is subject to strict legal regulation. Labor and the financial system are built on the basis of constitutional and legal principles of economic activity, which, in turn, are implemented through the financial mechanisms of the state. Thus, the Polish authorities, in the 20s of the twentieth century, began to form a liberal constitutional and legal field for the functioning of the economic system (property, labor, financial system, etc.). After the First World War and the Ukrainian National Revolution under the Riga Peace Treaty signed on March 18, 1921 by the Polish Republic, on the one hand, and the Russian Socialist Federal Soviet Republic (RSFRD) and the Ukrainian Socialist Soviet Republic (UKRAINIAN SSR) – on the other, Western Volyn, Galicia, Kholmshchyna, Podlasie and Western Polesie became part of the Polish state [2]. One of the key tasks of the Second Rzeczpospolita was the restoration of statehood. The complexity of the situation was due to the preservation in the country of the remnants of three political systems that needed to be integrated into a single administrative and legal space. On March 17, 1921, deputies of the Legislative Sejm approved the text of the Constitution [3]. It proclaimed democratic rights and freedoms, the right to private and collective property, social security in case of illness and unemployment, and national minorities – broad cultural and national rights. The Roman Catholic Church was recognized as leading among other equal beliefs. In Poland, a parliamentary system was introduced, characteristic of stable and developed countries of the world. In general, the Constitution was a progressive document, the adoption of which ended the period of revival of Polish statehood. After the adoption of the basic law, the government began an intensive reform of the legal field of activity of various sectors of the economy. The main problem was hyperinflation.

Therefore, on January 11, 1924, a law was adopted on the creation of the state treasury and the implementation of monetary reform [4]. In April 1924, the Joint-Stock Bank of Poland was established [5], the issue and exchange of banknotes was carried out. Instead of the Polish mark, a Polish zloty was introduced in circulation [6]. State credit institutions – the Polish National Bank, the State Bank for Reconstruction, the Credit Institution of Lesser Poland Cities – were united into a single Bank of the National Economy [7]. On June 29, 1924, the president's order on cash income was issued, according to which it was forbidden to provide loans with an interest rate of more than 24% per annum [8]. On July 31, 1924, a law was adopted on the use of the state treasury to revive the economy [9], according to which a frugal regime was introduced in state structures, control over tax collection was strengthened, etc. On December 30, 1924, a presidential order was issued on the organization and approval of the statutes of gmina savings and loan offices [10], according to which rural gminas could create savings banks to lend to the economic needs of the population on preferential terms. The order on communal savings banks of April 13, 1927 allowed the creation of city, county and voivodeship communal unions for the savings of the population [11]. From June 10, 1927, by presidential decree, the interest rate of monetary income decreased to 15% per annum, which greatly expanded the possibilities of lending to the population [12]. On March 17, 1928, the president approved the law on banking [13]. It defined the subjects and conditions of banking activities, including credit cooperative institutions. Financial reform laid the foundation for the successful development of the Polish banking system. In addition, the measures taken by the government improved the socio-economic situation, which made it possible to start implementing new projects [14, p. 71]. Since Poland was an agrarian state, the reform of agriculture became one of the priorities of government policy. To increase the efficiency of agricultural production and modernize the agrarian system, the Polish Sejm on July 10, 1919 approved the project "Fundamentals of Land Reform". In order to effectively reform the agrarian system, it was necessary to redistribute large land ownership (parceling), eliminate through strips (comassation), abolish easements and carry out land reclamation and expand agricultural areas. To implement these tasks, the relevant laws on land comassation of July 31, 1923 [15] were adopted, on the liquidation of easements of January 10, 1922 [16], on the creation of land commissions of August 11, 1923 [17], on the establishment of a state agricultural bank of June 10, 1921 [18]. However, the main catalyst

was the new law on agrarian reform, which entered into force on December 28, 1925 and was called "On the implementation of agrarian reform" [19]. He determined that the agrarian system in Poland would rely on strong, healthy and highly productive farms of various types and sizes, which would be based on private property.

It can be stated that in the first half of the 20s of the twentieth century. there was a political, economic and legislative formation of the Polish state. Until 1926, Poland remained a democratic parliamentary republic. The reform of the financial system, agriculture, trade in general contributed to the formation of the Polish economic system. It should be noted that the intervention of state bodies in economic affairs was minimal, which contributed to the development of various industries of the country. From the second half of 1926 began the rapid development of the economy, especially the banking sector, which lasted three years. During this period, Poland belonged to the most dynamic countries in Europe: industrial products in general increased by 29%, coal production – by 30%, steel production – by 75% [14, p. 76].

The coup d'état of Y. Pilsudski in May 1926, legalized by parliament, was held under the slogan of rehabilitation or improvement of political, moral and economic relations in the country. The first step of the new government was the law on expanding the powers of the president, according to which he could dissolve the Diet and the Senate, issue decrees between the sessions of the parliament and on his behalf. On August 2, 1926, the Sejm adopted a corresponding amendment to the Constitution. The situation after the May coup was characterized by contradictory trends: on the one hand, democratic institutions and the Constitution of 1921 remained, on the other hand, the executive branch demonstrated a desire to govern the state, despite the parliament and political parties, relying on the authority of Y. Pilsudski and his supporters in the government and administration. Several important laws were adopted that affected economic relations. In particular, June 7, 1927 – the industrial law [20], which defined the status of an industrial enterprise, the conditions for its registration and operation, the law on the agricultural bank [21] and its charter [22]. On March 22, 1928, a law on agricultural chambers was passed [23]. These structures were created in each voivodeship and controlled all issues of the agrarian sphere on the ground. Partial changes were made to the laws on comassation [24], on the liquidation of easements in the Volyn voivodeship [25]. This mode of government was introduced in Poland by a regime that contradicted the principles of the Constitution [26, p. 470]. In general, in the period from the May coup to the beginning of the global economic

crisis, Polish legislation began to change from free democratic to authoritarian. Y. Pilsudski set before the government the task of preparing directives in the matter of national policy. The result was a meeting of the government on August 18, 1926, at which the state assimilation of the non-Polish population was proclaimed [27].

In the 30s of the twentieth century, the situation in the Second Rzeczpospolita changed. The government's next steps are aimed at restricting civil rights and freedoms. The Assembly Act, approved in March 1932, strengthened control over public organizations. In August of the same year, the Minister of Justice was granted the right to transfer and remove judges, which made them dependent on the administration; a little later, the freedom of the bar was limited. In 1933, a law on self-government was approved, which also expanded the powers of the administration in the formation of local representative bodies. On April 23, 1935, the President approved the text of the new Constitution [28]. She established a presidential form of government in Poland. The President concentrated in his hands a single and indivisible state power, the government, parliament, armed forces, courts and control bodies were subordinate to him. The new Constitution completed the process of restructuring the structure of Poland on an authoritarian basis. It introduced the extraordinary role of the state and the executive branch, to which all civil institutions and individuals were subordinated. The idea of the sovereignty of the people, which prevails in democratic constitutions, was replaced by a state ideology based on the principles of elitism of power. This brought it closer to the basic laws of totalitarian states. The political crisis was exacerbated by the global economic crisis, which in the early 30s gained momentum in Poland. The government in 1932 began to develop anti-crisis measures. The new legislation, introduced by the Pilsudchiks in the first half of the 30s, was marked by increased interference of power in all spheres of society. A law on the right of the state to interfere in the affairs of monopolies was adopted, funds were allocated to support weak enterprises threatened with bankruptcy, and the reconstruction of the railway, which gave new jobs, began. Funds for assistance to the unemployed were increased, public works were organized, in which in 1933 about 60 thousand people were involved. persons, and in 1935 – another 134 thousand people [14, c. 77].

According to the presidential decree of July 11, 1932 on the normalization of the competences of the authorities and the streamlining of administrative management in the field of agriculture and agrarian reforms [29], the controlling and regulatory powers of central and

local authorities in the field of agriculture were increased. Accordingly, the laws on comassation [30], parcelling, liquidation of easements [31], land commissions [32], agricultural chambers [33] were amended. To finance the restructuring of the agricultural system, the Revolving Fund for Agrarian Reform was created [34]. His funds were used for comassation, parcelling, land reclamation and lending. On February 25, 1932, a law on credit benefits for agricultural institutions was adopted [35]. On October 27, 1932, the president issued an order on financial assistance to credit institutions [36]. This assistance was provided in the form of a loan, acceptance of part or all of the share (collateral) capital, state guarantee and other obligations of the State Treasury within the framework of a stable quota of 100 million rubles. zlotys, as well as other necessary financial transactions. In 1935 the sustainable quota was increased to 200 mln. zlotys [37]. On June 16, 1934, the text of the new law on cooperatives was published [38]. On April 22, 1936, a law on the production of dairy products (milk production) was adopted [39]. On October 15, 1936, the Minister of Agriculture and Agrarian Reforms issued an order on the premises and equipment of dairy enterprises and on the training of qualified workers of these enterprises [40]. The legislation of the first half of the 30s, on the one hand, was aimed at overcoming the crisis in the economy, and on the other hand, it allowed the state administration to interfere in the activities of economic enterprises.

**Conclusions from this study.** It can be fully stated that during the short interwar period, the Second Polish Republic managed to quickly create and develop its own economy. This was achieved thanks to the well-established system of economic social relations of the Polish state – the system of relations of property, production, exchange, distribution and consumption of material and spiritual goods. Obviously, the leading role in this was played by the liberal, democratic constitutional and legal field, which became an effective mechanism for regulating the economic activity of the state, first of all, in the 20s of the twentieth century. The experience of constitutional and legal mechanisms for regulating the system of economic social relations of the Polish state in the past shows effective ways, forms and methods for reforming the modern Ukrainian legislative framework, and therefore - the successful formation of the national economy.

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