



YES, WE COULD!

25 years of democratic change

15 years in NATO

10 years in EU

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How Poland Made It



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Foreword by Aleksander Kwaśniewski

This year we bear witness to an extraordinary anniversary: we celebrate a decade of European Union membership, fifteen years in NATO and – above all – twenty-five years of freedom. A period the like of which our country has not seen for a long time; a period of sovereignty, freedom and rapid development. And certainly the most successful twenty-five years in the history of the Republic.

Poland's success is that we have conducted this evolutionary transformation peacefully and through dialogue, enabling us to avoid casualties along the way. This testifies to the great maturity of Polish society. When it came to strategic objectives (security, entry into NATO and accession to the EU) we succeeded in obtaining cross-party agreement, further proof that when the most important issues are at stake, Poles can unite. This time of anniversaries should fill Poles with pride at the unprecedented success we have achieved while at the same time giving us pause to reflect on what more we can do so that we can look at our achievements with our heads held high when the next round of anniversaries comes around.

I held the office of the President of the Republic of Poland during an extraordinarily difficult period, but one that was also a landmark in the history of our country. During my presidency, I had the pleasure to take Poland first into NATO, and then into the European Union. That period coincided with intensified accession negotiations and efforts to align our country's economic and military standards with the requirements of our Western partners. Above all, though, the period coincided with social dialogue and conversations with Poles regarding their

expectations and the potential benefits it was thought the Euro-Atlantic structures would bring. We all remember the many fears that preyed on Poles back then. Nevertheless, we proved ourselves true Europeans who seized this historic opportunity with both hands. Today, years after these events, we can say that we live in a safe country. Particularly when we look at the current situation in the east of Ukraine, we should appreciate how much membership of NATO has given us. The European Union has changed Poland and the Poles. We are a European nation that does not shrink back from challenges; a country more and more entrepreneurial and innovative.

A further great success for Poles has been the educational boom that began in the nineties and continues to this day. At the beginning of the transition, there were about four hundred thousand students in Poland; towards the end of my time in office, that figure was five times as high! Higher education, which opened up for all Poles, was a response to the need to educate Poland's youth and to the high unemployment of the time. Today, the burning question is: what can be done in Poland to help young and ambitious graduates find occupations worthy of their qualifications? This is one of the main challenges facing the current government – to be able to respond to this huge demand among the young people who are our greatest asset. Young Poles have to a great extent solved that problem for themselves. Proving their courage, taking advantage of their newfound European mobility, they have gone out and conquered the markets of Western Europe. Many of them have become young entrepreneurs or scholars. They took advantage of their situation to achieve something. Many Polish who left

the country are now coming back home. And with them they bring Western technology and a knowledge of foreign languages. Thanks to this, the country is developing.

In Poland there is still much to be done, but the great leap forward we have achieved together over the last ten years is there for all to see. The Polish countryside is hot on the heels of urban development. The building of roads and water mains, the development of schools and kindergartens, and the construction of sports and cultural infrastructure, all mean that the gap between the inhabitants of town and country has been reduced. Investment in education and equal opportunities for young people means this gap is constantly eroding. Thanks to their increasingly frequent trips to the West, Poles are comparing their standard of living to that of Western Europe. They see what works there and what needs changing here. Poles are ever more demanding. And good for them! This pushes the authorities to act. But we must keep in mind that the standard of living of the Germans or the British is something to which we aspire. In the meantime, we should be comparing ourselves with the Czech Republic or Hungary, with whom we began the transformation at a similar starting point. During my numerous recent trips to Ukraine, I have come to appreciate even more the stability of Polish politics, and how quickly we are closing the gap on the West, because I know how much work awaits the Ukrainians.

In foreign policy, Poland continually strives for a happy medium. While cooperation at the European level is bearing fruit, we are still trying to find our place in Central Europe. In recent years we see closer and closer cooperation with Germany, our most important economic and political partner. For years within the Polish elites, fear and caution characterised our attitude towards our western neighbour; today we cooperate

with Germany with growing confidence. We are becoming a stronger and stronger state within the European Union. Our position is strengthened by shrewd initiatives such as the Eastern Partnership realised together with Sweden, and through a stable economy and rapid development. We must also remember the great Polish potential found in our experience of conducting an Eastern policy. The Polish point of view, especially after recent events in Ukraine, is becoming more appreciated in the West. This is a great challenge for Polish diplomacy: protecting the interests of Eastern Europe among our partners in the West. Our role as a bridge between the two edges of the continent is more pivotal than ever.

It gives me great satisfaction that initiatives are being born in Poland to hold up our successes for our partners from abroad to see. This is very important. We ourselves can see the fruits of our labours, but it is something we should be proud to show others. Today Poland has a better and better image in the West, built by the hard work and talents of Poles. It is worth standing up and showing that we ourselves are proud of how much we have achieved. Because what has happened on the Vistula River over the last twenty-five years has been an unprecedented success, not only in Polish history. Let others admire us too!



**ALEKSANDER
KWAŚNIEWSKI**

*President of Poland
1995-2005*

Preface

Dear Readers,

These Polish anniversaries – 25 years of demographic transformation, 15 years in NATO and ten within the European Union – incline us to reflect on the changes that have taken place in Poland in the last quarter century. No one can see these changes better than those from abroad who saw Poland in the nineties and see the country now – a responsible member of the European community, a regional leader with a stable economy, and a reliable political partner.

A look from without gives a good perspective. There seems no better place to learn about the dynamics of change in Poland and the region than the yearly meeting in Krynica. For 24 years, during the Economic Forum, representatives of the world of politics, media, business, local government, people of culture and science have been coming together to meet in one place. Among them, closest neighbours from the Visegrad Group and the Baltic States, partners from the European Union, the United States and from beyond the eastern border. They all take part in numerous debates, meetings and conversations. Their observations and diagnoses can be inspiring, interesting and fresh. For this reason, we decided to invite some of them to contribute to this publication, which we now present to you.

Most of these people have known Poland for many years – like Magda Vášáryová and Matthew Bryza. Magda dedicated her book

Sąsiad o północy (A Neighbour of the North) to Polish-Slovak relations. Matthew, before moving to Poland in the early nineties as an employee of the American Embassy, spent an unforgettable vacation here in 1979 traveling around the country with his parents. Today, visiting Warsaw, they see huge differences, about which they write in their articles contained in these pages.

But there are areas about which Poles need to shout about so that the world will associate them intimately with this country on the Vistula. Which is why we have invited a group of prominent Polish columnists to tell you, our readers, about the success of Polish programming or the global phenomenon of Polish theatre. Nor may we forget to show off the changes that have taken place in society itself – to this end, Wojciech Staszewski shows you what lies behind the mass rush of Poles to take part in sport and Senator Janusz Sepiół tells the story of the beginnings of Polish local governments.

I hope that, in reading this publication, those of you whose associations with Poland are only vague will see for yourselves what an incredible journey it has been and what an interesting and dynamic country it is today.

I wish you an inspiring read!



Dr KINGA REDŁOWSKA

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Rise of the Phoenix: Poland from Estranged Victim to European Leader

MATTHEW BRYZA

In the quarter century since its first semi-free elections on June 4, 1989, Poland has emerged from strategic captivity in the East and estrangement from the West to become a key member of the Transatlantic community. Poland's present success as a European leader may seem natural. After all, Poland is one of Europe's largest countries, with a population of nearly 40 million, a strategic location between Germany and Russia, and access to major sea and land transportation routes. When viewed up close, however, Poland's rise seems miraculous.

The gray realities of Poland during the 1980's contrasted with the romanticized visions I had been fed while growing up in a Polish American family near Chicago. My maternal grandmother dazzled us each Christmas Eve with traditional dishes from her village in eastern Poland (present day Ukraine), such as pierogi dumplings, stuffed cabbages, and goose blood soup. The teachers at my Polish language school on Saturday mornings introduced me to the

whimsical colors and melodies of Polish folk culture. And, my parents taught me we were somehow connected to giants like Copernicus, Chopin, and Curie.

This optimistic picture, however, was countered by a haunting pessimism embedded in the Polish psyche and reflected in the first line of the Polish national anthem, „Poland has not yet perished. „During the 1970's, this pessimism was echoed in the fad of „Polak jokes” in the United States, which inexplicably portrayed Poles as inherently stupid, and led many Polish Americans to feel more victimized than proud of their ethnic heritage. This sense of victimization deepened as I explored Polish history, reading portrayals of Poland as a „phoenix of nations,” which had been wiped from Europe's by the diplomatic treachery of Russia, Prussia, and Austria-Hungary, but which would one day rise from the ashes of history – after freeing itself from the Soviet yoke that resulted from abandonment by Roosevelt and Churchill to Stalin at the Yalta Conference as World War II was ending.

My sense that Poland was a victim of cruel historical circumstances was validated by



family vacations in 1979 and 1980. Though our bus tours were carefully choreographed by the state tourist agency, Orbis, it was impossible to hide ubiquitous economic dysfunctionality and deprivation. Outside a few blocks of the magnificently reconstructed Old Towns of Warsaw, Gdansk, and Poznan, all other buildings were colorless and crumbling. Middle-aged people had desperation in their eyes as they whispered offers of black market exchanges for our precious dollars, suggesting Poland's command economy was rotting at its core. Our tour guides' explanation that dinners featured only eggs and cauliflower because Poland's meat had been diverted to the Moscow Summer Olympics betrayed the enfeeblement of People's Poland and its overlord to the east.

Even as a 16-year old observer, I could sense something had to change. On a sleepy afternoon in Gdansk in August 1980, a taxi

driver cryptically divulged, „Something is about to happen at the shipyard. There will be a strike.” Then, two days later, as my father and I were riding a city bus in Warsaw, the driver sped past our stop and returned to the municipal garage, proclaiming, „The strike has begun!” That evening, there was no coverage on Polish TV of the strike at Gdansk's Lenin Shipyard, which had spread throughout the country. When we arrived back in Chicago the following evening, however, we learned we had experienced a microcosmic moment in a tectonic political shift that would change world history.

During the next few years, we Polish Americans swelled with pride as hundreds of thousands of Solidarity activists peacefully confronted the Soviet Empire with an existential political threat. Martial law marked a brutal setback in December 1981; but, we felt an underlying confidence that as

long as there was a Polish Pope in the Vatican – with Archbishop of Krakow Karol Wojtyla becoming Pope John Paul II in 1977 -- the Polish Phoenix would continue to rise. In the mid-1980's Mikhail Gorbachev's policies of perestroika and glasnost breathed fresh air into Polish dreamers on both sides of the Atlantic. As I finished graduate school in the spring of 1988, I my goal was to join the United States Foreign Service and be posted to Poland to experience first-hand the historic transformations on the horizon.

Arriving at the U. S. Consulate in Poznan in July 1989 for my initial diplomatic assignment, I sensed that Poland's return to Europe might still be a ways off. My first day of work coincided with the first day of capitalism in the new Poland, with food prices (except for bread and milk) suddenly determined by supply and demand rather than bureaucrats in Warsaw. Strange economic patterns immediately emerged. For months, beer disappeared from shops and bars, even from the pub at Poznan's local Lech brewery, and was reliably available only at hard currency stores known as PEWEX, an acronym for an Orwellian phrase translated as „Enterprise of Internal Exports” (Przedsiębiorstwo Wewnętrznych Eksportów). Meanwhile, exotic products suddenly appeared in food shops, like angel hair spinach pasta, a humanitarian gift from the Government of Italy that was immediately commoditized by Poland's raw capitalists.

Like its economics, Poland's politics also moved ahead in fits and starts during the late summer of 1989. A hybrid government of Communist politicians and their Solidarity opponents emerged from an historic June 4 election, and faced continuing protests from impatient younger Poles demanding quicker change. I found myself in the middle of several street battles, wedged between police water cannons and rock-throwing youths who demanded elimination of the

Communist-era secret police. Tensions cooled when the Solidarity Movement took full control of the government in September 1989, with revered Catholic thinker and journalist, Tadeusz Mazowiecki, becoming prime minister. But, plenty of political fireworks were still to come.

Stalin famously remarked that establishing Communism in Poland was like trying to saddle a cow. Indeed, compared with their less fortunate Soviet counterparts, Poles had enjoyed considerable economic liberty, especially during the 1970's, when Poland's leader, Edward Gierek, tried to buy social peace with consumer goods – and a mountain of debt. The Gierek era's profligacy and the command economy's deep inefficiencies confronted Mazowiecki's new government with a stark choice: either move cautiously on economic reform while consolidating political strength or dive headlong into economic shock therapy and risk short-term hardship and rage from millions of voters.

Mazowiecki courageously seized the historic opportunity Poland had awaited for three centuries to develop a „normal” economy connected to the West. Minister of Finance Leszek Balcerowicz's groundbreaking reforms won deep admiration from economists at the World Bank and International Monetary Fund, along with strong financial support. The reforms also turned Balcerowicz into Enemy Number One for millions of Poles who lost their jobs and savings in the wake of government spending cuts, restructuring of entire economic sectors, and lifting of price controls. One of Balcerowicz's top aides at the time told me with the cold sorrow of a father disciplining a child, „This is going to hurt. But, it's the price we have to pay.”

And, hurt, it certainly did. Millions of Poles blamed Balcerowicz for victimizing them, perhaps as part of an ill-defined cosmopolitan conspiracy. Many could not comprehend where painful fiscal discipline

was supposed to lead the country. During the summer of 1990, for example, a deputy governor in southeastern Poland told me of his frustrations in trying to convince his constituents to accept the country's new economic philosophy: „Last week, a farmer came to me to call for the arrest of his neighbor for committing an economic crime: buying food for the lowest possible price and selling it for the highest possible price.”

The ambitions of tourist visa applicants I interviewed each day at the U.S. Consulate in Poznan underscored the bleakness of the economy. I was eager to issue as many visas as possible to help the U. S. win new friends, especially from my ethnic homeland. Still, economic realities made genuine tourism impossible for nearly all Poles. I simply could not convince myself that the scores of people who approached me each day claiming they wished to spend a year's salary to see Niagara Falls and the Statue of Liberty were telling the truth. I knew from experience that these people planned to work in restaurants or remodel the basements of their Polish immigrant relatives. I deeply sympathized with them, knowing they sought the same economic opportunities my grandparents had secured, and thanks to which I had become a U.S. diplomat. But, U.S. immigration law dictated that anyone who planned to work while visiting the United States was ineligible for a tourist visa, even if temporary stays of such eager workers would economically benefit both the United States and Poland.

In contrast with this dark economic picture, Polish politics were brightening. Having moved to the Political Section of the U.S. Embassy in Warsaw in August 1990, I felt political electricity as Poles prepared to elect their first independent president since World War II. The United States was so popular that the brilliant Po-

lish American strategist, Zbigniew Brzezinski, could have won the election had chosen to run. Instead, another political genius, Solidarity leader Lech Walesa, ran away with the election in December.

A few months earlier, Walesa had made a remarkable request while meeting then-U.S. Defense Secretary Richard Cheney at Solidarity's headquarters in Gdansk: might Poland purchase U.S. F-16 fighter jets to replace its existing arsenal of Soviet aircraft? Taken aback, Cheney chuckled that this might be a worthy long-term goal, after Poland left the Warsaw Pact. Huddling together on the way back to Gdansk Airport, members of the Cheney delegation, (including future U. S. Ambassador to Poland Dan Fried and future Under Secretary of Defense Eric Edelman, both of whom would later play key roles in Poland's accession to NATO), initially questioned Walesa's seriousness. But, as we continued talking, we began to think that perhaps Poland's exit from the Warsaw Pact might not be so far off.

In following months, Poland's departure from the Warsaw Pact accelerated. The Solidarity activists who took over Poland's police and intelligence services reached out in search of deep partnership with the U.S. to reorient their work toward the West and away from Moscow. Top commanders of Poland's Border Guards told me how they were awed by the precision-guided munitions they watched on CNN during the Gulf War and dreamed of acquiring them to replace their inferior Warsaw Pact arsenal. Following the 13th (and final) toast at a lunch on the Polish-Soviet border, one of the commanders whispered to me, „You know, we might not be in the Warsaw Pact much longer.” Indeed, on February 25, 1991, the Warsaw Pact's military structure disbanded, and on July 1 the Warsaw Treaty on which it was based ceased to exist. Poland's victimhood now seemed to be fading into a new hope

it might become the master of its own strategic destiny for the first time in 300 years.

By early 1991, the first shoots of economic freedom were also sprouting. In spring of 1991, my mother and I visited her mother's tiny village, Mysłatyczne, in the countryside of present day Ukraine near Lviv. Dodging a horse cart on a grassy path as we pulled into the village, we saw three young men digging potatoes with their bare hands on the approximate spot where my grandmother said her house had stood, opposite the village's Roman Catholic church. Had my grandparents not risked everything to flee to Chicago after World War I, I could have been working in that same potato patch with earth-covered hands rather than representing the most powerful country on earth. A couple days later, one of these men confided that he dreamt of creating a better economic future. But, instead of requesting a visa for the United States, as I expected, he said he dreamed of moving to Poland.

Poland nevertheless still faced significant economic hardship. The Balcerowicz Plan's deep structural reforms and budget cuts produced short-term disruptions that caused the economy to shrink by 7 percent in 1991. Economic shock therapy was nevertheless beginning to work. Mass privatization of state assets generated entrepreneurial opportunities that had not existed in Poland for 50 years. As reforms took hold, economic growth returned, reaching one year later, and 5.2 percent in 1993 (according to Polish Government statistics). I sensed wealth must have been trickling down when I heard a mother and her young son speaking Polish as they browsed like typical Western tourists at Harrod's in Frankfurt Airport.

As the 1990's progressed, Poland's political and military leaders no longer merely dreamt of acquiring U. S. weapons; they prepared to join NATO. When Poland achieved NATO membership in 1999, it had left behind

its historical victimization once and for all, and was fully anchored in the West as a member of the most successful security alliance in history. Strategic stability helped accelerate economic growth (despite a slowdown in 2001-2002), as did Poland's historic accession to the European Union in 2004. By 2007, economic growth reached 6.8 percent, the highest in Europe, and the Polish economy had tripled in size since the launch of the Balcerowicz Plan in 1989.

At this point, Poland had emerged as a top-tier Ally of the United States. Polish troops formed two of the largest military contingents fighting in Afghanistan and Iraq. Partners from the Polish Government helped us at the White House and State Department think through how to counter Russia's monopoly power over Europe's gas markets. And, when Russia invaded Georgia in August 2008, it was Polish President Lech Kaczynski who flew his Baltic and Ukrainian counterparts into Tbilisi on his official aircraft to support Georgia and deter further Russian aggression.

Today, Poland has reemerged as a major European power. Gone are the days when the country was buffeted by the whims of politicians in Paris and Berlin. Instead, Poland helps determine Europe's direction, as in February 2014, when Foreign Minister Sikorski joined his French and German counterparts to negotiate a breakthrough agreement in Ukraine's political crisis. Poland forms the foundation for NATO's preparations to protect the Alliance's Baltic members. And, the Baltic states look to Poland as their key connection to Europe's electricity and natural gas networks, which, once established, will end the Baltic states' full dependence on Russian supplies and allow Europe finally to become truly whole and free.

During my visits to Poland these days, I gawk at the forest of gleaming skyscrapers that surround the Palace of Cultu-

re, Stalin's 42-storey „gift" intended to remind Poles that Moscow was supposed to call the shots in Warsaw. I marvel that the free market now calls the shots at the Warsaw Stock Exchange, Central Europe's largest, and which may soon merge with the Vienna bourse to exceed the size of Istanbul's stock market. And I am delighted that Poland's finest restaurants now proudly serve gourmet renditions of my grandmo-

ther's peasant fare, which were absent from menus 25 years ago, when Polish restaurateurs struggled for acceptance as mainstream Europeans.

In sum, just a quarter-century after its first semi-democratic election, Poland is no longer a victim. The Polish phoenix has risen from history's ashes, and is soaring at the head of Europe in full partnership with its strongest Western Allies.



MATTHEW BRYZA

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Heroic or Materialist? Polish Democratisation since Solidarity

GEORGE SANFORD

"Unstable" Historical Traditions: what made the Poles tick?

There is a well established view, blared out in studies carrying titles such as *God's Playground* (Norman Davies) that Poland has had an exceptional history of suffering caused by an unfavourable geographical position, aggressive neighbours and internal divisions. The Polish self-perception, until recently, has also been that their 'Heroic' responses and indomitable will power, reflected in the likes of *The Polish Volcano* (Flora Lewis) and *The Eagle Unbowed* (Halik Kochanski), were the central factors ensuring national survival. Unsurprisingly, there has been a bitter domestic debate since the final Partitions in the 1790s about the causes of the Polish predicament and the responses required to ensure survival and to regain independence. Clearly discernible traditions emerged. These have been used to explain key events; notably the 1831 and 1863 Insurrections, rival Pilsudski and Dmowski programme's before and during the First World War, the struggle to preserve independence interwar, September 1939 and the 1944 Warsaw Uprising. Older themes were the clash between

Piast westward and Jagiellonian eastward orientations since the tenth century and the later debate crystallised by the Warsaw and Krakow historical schools on the constitutional and social defects of the Commonwealth of Poland and Lithuania which occasioned its partition.

Adam Bromke's Idealist (Heroic/Romantic) v Realist (Positivist) dichotomy has been the most influential interpretation of the above noted events since Kosciuszko's Uprising in 1794. Realist attitudes caused by the Second World War experience and Yalta dominated the first postwar generation of Poles shaping society's peaceful compromise with the Polish People's Republic (PRL) in October 1956. This gained private peasant ownership, co-existence with the Roman Catholic Church, intelligentsia autonomy and authoritarian, not totalitarian, rule by the communist party (PZPR). The second postwar generation, affected by the PRL's social divisions and economic deficiencies, however, moved away from Realist acceptance of the Moscow imposed status quo in the 1970 and 1980 workers' strikes. But did the post-Solidarity course of events indicate a return to the older Idealist tradition of insurrection or was it pro-

voked by economic and materialist factors? I have argued (Conquest of History) that whatever the balance between these factors Poland's development since 1980, marked by the Negotiated Transition to Democracy in 1989, NATO entry in 1998 and EU membership in 2004, has been characterised by a desperate quest for the 'Normality' of Democratic Politics and International Security. Equally significant, has been the remaking of political culture and the general shift from 'closed' to 'open' mentalities, despite residual conspiracy type reactions to the Smolensk tragedy. This is borne out by the balanced and dignified reaction to Jan Gross's publicisation of the 1941 Jedwabne killings, the long-delayed revelation of the detailed truth about the whole of the 1940 Katyn Massacre and the recasting of Polish-Jewish relations including the overcoming of the Auschwitz crosses and convent disputes. There has also been growing comparative awareness of neighbours' mutual historical grievances and suffering. Finally, one might note, given this Report's title, that President Obama's electorally successful and optimistic slogan 'Yes we Can' although inspirational in domestic politics has been balanced by Stoical Realistic adaption in foreign policy to growing limitations on America's post-communist hegemony.

Solidarity: Search for Freedom or Kielbasa (sausage)

Communist leader Edward Gierek bought improved standards of living during the 1970s by assuming dangerously high levels of Western loans. Attempted economic restructuring, including increased food prices, in 1976 provoked workers' protests, suppressed locally in places like Radom. A national outburst was only prevented by a complete Government climbdown. The

Soviet Brezhnevite veto of structural reforms then provoked the emergence of a dissident movement, notably KOR (Worker's Defense Committee), allying workers and intelligentsia.

When the communist regime was forced by financial realities to introduce economic austerity measures in Summer 1980 the resulting workers' revolt led by the Gdansk and Szczecin shipyards spread nationwide. But it was their sit-in strikes in August, gaining worldwide media attention, which forced the regime into dramatic negotiations which conceded Free Trade Unions. The overwhelming bulk of workers then joined the Solidarity movement led by Lech Walesa. Solidarity itself was, however, a most ambiguous force. Politically, it started out as a workers' protest against price increases and cuts in living standards and then, went on to demand workers' control of workplaces. It was also unclear whether it stood for Socialist Renewal or the system's overthrow and its replacement by democracy and market capitalism. While Solidarity 'Self-Limited' itself and mediated local outbursts and national crises during the period of Dual Power of 1980-81 with the help of the Roman Catholic church, backed by the Polish Pope John Paul II, the key factor remained that Moscow prevented real party reformists from gaining control of the PZPR. After General Wojciech Jaruzelski became both Prime Minister and party boss the communists used economic shortages to wear society down. When Solidarity refused a limited offer of incorporation within the communist system in exchange for the acceptance of party hegemony Martial Law was declared in December 1981. Society was cowed by the Army's takeover of the police, administration and economy and mass internment of Solidarity's leaders and activists. Strikes and protests were suppressed with relatively limited loss of life. Most si-



nificantly, a Soviet invasion was avoided but, whether it was likely, except as a threat, remains a highly charged political issue.

Communism survived but the price paid by the regime was the resurgence of another entrenched Polish characteristic State-Society conflict as during the Partitions, Nazi Occupation and Stalinist rule until 1956. The Jaruzelski regime proved unable to revitalise the PZPR after the State of War ended in 1983. Intra-systemic reforms designed to create a form of consultative authoritarianism failed to win over society while the economy stagnated. Above all Solidarity and a counter-society survived as underground forces supported by the West. The 1980s was, thus, a period of stalemate and stagnation.

Gorbachev's emergence in 1985 slowly allowed this logjam to be broken. Industrial unrest and strikes in Summer 1988 had two crucial consequences. A Second Solidarity re-emerged most notably in Walesa's Civic Committee in December. The

PZPR produced a reformist leadership genuinely committed to negotiating Solidarity's re-legalisation in an Anti-Crisis Pact. The aim was a pluralist form of authoritarianism which would gain national support for the austerity required to introduce successful economic reform.

The course of events during 1989 which stymied this communist reform strategy and which led to communism's peaceful abdication and a fundamental systemic break setting Poland irrevocably on a course towards democratic capitalism are well known and do not detailed rehearsing here. What is crucial is that the Polish elites renounced the Heroic Insurrectionist inheritance lurking in their consciousness and negotiated a genuine and acceptable compromise at the Round Table. This allowed the national will to be demonstrated in partially free elections which by August produced the first non-communist dominated government since 1945. Tadeusz Mazowiecki's gradualist dismantling of communist institutions culminated in Walesa's election as President in December 1990, the fully free parliamentary elections of October 1991 and the enshrinement of full democracy in the 'Little Constitution' of 1992.

The exclusion of conservative and nationalist forces from this deal and their political failure in Jan Olszewski's government in 1992 naturally caused bitter recrimination and denunciation of the elitist Magdalena 'betrayal'. These forces only came to power in 2004 with the Lech and Jaroslaw Kaczynski twins and the Law and Justice Party (PiS) on a slogan of completing the revolutionary transition by replacing the tarnished Third Republic with a fully purged Fourth. Poland's political life until then was dominated by the liberal conservative, post-Solidarity (1990-1993) and transformed post communist Left/SLD forces (1993-1997 and 2001-2004). Their systemic consensus

produced the country's greatest achievements through a very English type process of elite-led transformation through gradualist compromises.

Democracy was consolidated despite bitter and colourful political party conflict and a workable constitution was negotiated by 1997. Market Capitalism and integration in the world and European economies were developed despite pathologies in the form of major corruption scandals which shook the system especially in Leszek Miller's government (2001-2004 cf. the Rywin Affair). The system survived the personal vagaries of Walesa's (1990-1995) and Lech Kaczynski's erratic presidencies (2005-2010) as well as the national trauma of the latter's death, along with that of 95 others, mostly prominent members of the elite, in the crash of the presidential TU-154 at Smolensk airfield. It was strengthened by the strong and balanced presidencies of Aleksander Kwasniewski (1995-2005) and Bronislaw Komorowski (2010-). Its durability was demonstrated by the periods of "Cohabitation" when a President faced hostile parliamentary majorities (1993-1995, 1997-2001 and 2007-2010). Political parties transformed and renewed themselves successfully, especially on the Right and Centre. Solidarity Electoral Action (AWS) and the Freedom Union (UW) underpinned Jerzy Buzek's Centre-Right reformist government (1997-2001). This has been replaced by the current hegemony of two Centre-Right parties, the already mentioned PiS and the more liberal Civic Platform (PO) supporting Donald Tusk's government since November 2007. The constants have been the Polish Peasant Party (PSL) and the Union of the Democratic Left (SLD) which currently faces major problems of generational and identity renewal as a viable social democratic force. It is also challenged by the secular populism of Janusz Palikot's Movement (RP).

International Security at last?

After 1989 Poland 'Returned to Europe', regaining the national sovereignty denied by the Warsaw Pact and Soviet communist control. NATO membership, the modernisation of her Armed Forces and integration within the Western Alliance may have cost controversial involvement in the Afghanistan conflict as well as disappointment over a proposed American missile defense system. But the gain was a credible guarantee against any potential Russian threat, re-iterated during Obama's June 2014 Warsaw visit, and a level of international security undreamt of since the seventeenth century. Working towards EU membership by 2004 completed Poland's fundamental shift away from Euro-Asia towards full integration in Euro-Atlantic structures. Paradoxically, this has also transcended the erstwhile German threat and Berlin has become a supportive ally. Poland gained massive EU subsidies designed to modernise her agriculture and infrastructure and to complete the building of an open democratic market system. The costs in terms of the decay of small towns and the countryside, massive emigration of many millions to work in more advanced economies, modernist challenges to a National Catholic identity and the loss of outstanding sporting personalities such as Radwanska and Klose are major. The overall systemic balance sheet has undoubtedly been a positive one although many Poles remain febrile and discontented with their personal situations.

Poland's successful co-hosting of the Euro2012 Football Championship although not the performance of the national team, the unprecedented re-election of the Tusk government for a second term in 2011 and Poland's effective Presidency of the EU at the height of the financial crisis are strong indications that Poland has entrenched 'Nor-

mality". It is well on the way towards overcoming historical peripherality and backwardness and playing its full role as a medium sized power, comparable to Spain, in European and world affairs. But the comparative world indices ranking its democracy 45th out of 167 and rating Poland 41st out of 176 in terms of corruption perceptions show that the transformation, although irreversible, is still somewhat incomplete and uneven. Poland weathered the post 2008 economic crisis well but it

still has far to go before it achieves west European socio-economic levels. Mere per capita income of about half the West European average and high unemployment levels have only been partially alleviated by the safety valves of massive labour emigration and the black economy. Dangerous urban-rural divisions and between the generally prosperous west and the stagnant east of Poland and frustrated expectations still persist but national outbursts of the pre-1990 type are increasingly unlikely.



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This short essay on the economic performances of Poland over the last decades is dedicated to a friend of mine with whom I shared childhood and teen years in the playground and playroom (but principally also our Holy First Communion and Confirmation in the Parish Church of Sacred Heart) in Macerata, Italy, where we were both born. He was Italian and Polish, since his mother was Italian and the father was Polish. He came to Italy with the Polish army during the Second World War and then... he never left Italy. For fifty years they have been the only Polish people I knew. Fifty years later, when I visited Poland for the first time in my life I understood why they were so deeply Catholic, so nice and polite, full of culture and knowledge. Even if they were not a very wealthy family. I also understood that faith, believes and culture are the deep pillars of people and of the Nation, even when national geographic borders are outraged by History because any kind of outrage cannot destroy and wipe up the internal borders of people and the History of a Nation.

MARIO BALDASSARRI

Polish Economic Transformation after '89: a Model for the Region

MARIO BALDASSARRI

Premise on Data(1980-2022) and a First Synthesis

This paper aims to analyze long-run economic data, in terms of both the „real“ economy and the „financial and public finance“ conditions relating to the Polish economy in recent decades – from 1980 to 2013. To this mix, we have also „added“ the forecasts available today from Oxford Economics up to 2022.

In the 1980s, the first decade of the period, Poland had a planned economy run by a „one-party People's democracy“. The country was firmly within the economic and political orbit of the Soviet Union that had been determined in Yalta after the Second World War.

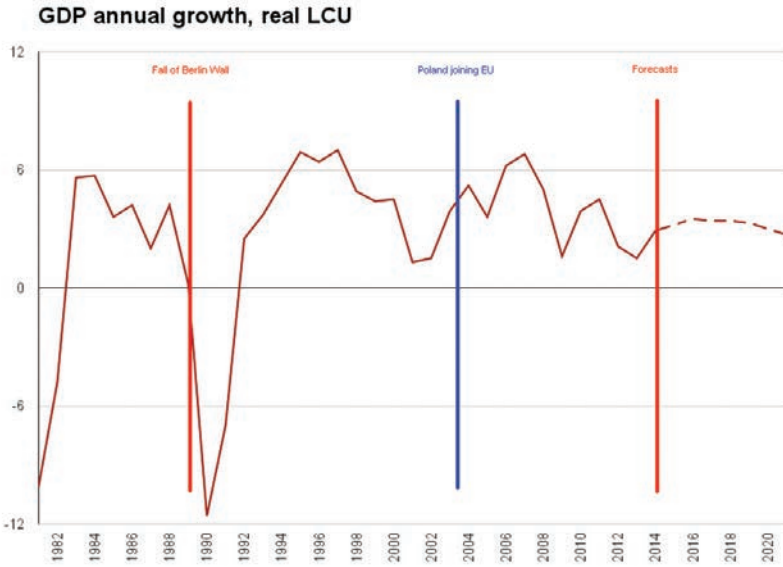
After the fall of the Berlin Wall a complex transition began to a market economy and towards a system of Western-style pluralist democracy.

The accounting and statistical methodologies applied by centrally-planned economies differed radically from those used in the market economies. Unsurprisingly, therefore, until the transition years of the early '90s, the available statistics show high degrees of indefinability, uncertainty and inconsistency between the two economic systems. Take for

instance the fact that public spending and tax revenue are „strangely“ disproportionate to GDP in the early nineties, converging with „western“ standards only around 1994/95. The same goes for inflation. In planned economies, inflation is by definition almost non-existent, imbalances between demand and supply being expressed not through price fluctuations but by the length of queues outside shops or the quantity of unsold stock sitting on shelves. Therefore, these statistics should be understood in the context to the most important moments of „historic“ discontinuity that were determined in Polish society and economy.

For this reason we have reported the data series referring to the two most significant moments: 9 November 1989 (the fall of the Berlin Wall) and January 1st, 2004 (Poland's accession to the European Union). As will be seen below in more detail, beginning in the early '90s (1990 to 1994) Poland underwent ten years of major transition and appears to have prepared well for European Union accession. Over the last ten years, from 2004 to 2014, the data show how well Poland has so far seized the opportunities its new place in Europe has presented. The data also show the need for a further long

Figures 1



transition phase if Poland is one day to join the euro zone. Even given these caveats in the analysis and temporal comparisons of long-term data, Poland's apparent success story looks like it may be a model for the whole of the Central and Eastern Europe.

Growth and Inflation

In the late seventies and early eighties, Poland underwent a severe crisis, experiencing several years of negative growth. Only after 1982 was there a return to positive growth, amounting to an average of around 3 per cent per annum until the Berlin Wall fell (see Table 1).

The transition to a market economy was then marked by a sharp drop in GDP – by about 20 per cent between 1989 and 1990. From 1991 onwards, however, the Polish economy has ridden on a wave of growth, only strengthened after EU accession, Despite a minor slowdown forecast from 2014 to 2022 (perhaps, a result of the „catching-

-up" process of the previous two decades) Poland is expected to sustain annual growth of about 3.5 per cent (see Figure 1).

In more analytical terms the eighties were a decade of stagnation for Poland, GDP contracting by 0.3 per cent per annum throughout that period, and hovering around 600 billion zlotys in real terms at 1995 prices.

But between 1990 and 2003, prior to EU accession, Poland boomed, seeing a 55 per cent real GDP increase, averaging 4.2 per cent a year. This boom carried on after Poland had joined the EU, with annual growth accelerating further, to 4.8 per cent. Even though, as noted above, the projections to 2022 indicate a slowdown to 3.5 per cent, it is well known that the real value of economic forecasts is not just in helping „guess" a path, but in helping us understand the challenges and opportunities a country faces – in Poland's case, the challenges and opportunities of economic policy and European and international context.

Poland's recent growth looks even more

robust when compared with the European Union and Eurozone averages. Despite the European and worldwide crisis in 2009, between 2002 and 2013 Poland's growth was much higher than the European average – and is forecast to remain this way until 2022.

Thus the process of Poland catching up to European levels of development and prosperity should continue in a stable fashion and could even be more substantial if economic and structural policy-making brings about higher than the 3.5 per cent annual growth forecast in the „trend" toward 2022.

In terms of inflation it is clear that the „zero inflation" before the fall of the Berlin Wall is entirely due to the planned-economy accounting principles mentioned in the introduction, where imbalances between demand and supply was manifested not in price changes but in queues and shortages, surpluses deserted shops. It is clear that the forced low inflation of the eighties led to a price explosion at the time of transition with inflation peaking at over 600 per cent in 1989. It is therefore evident that the transition to a market economy, which generated twenty years of real growth, went hand-in-hand with high inflation, especially in the first phase of the nineties. Consumer prices rose by over 120 per cent between 1989 and 2000, with an annual average of around 11 per cent. Subsequently, however, inflation too was brought under control and has declined at an average rate of 3.3 per cent per year, not creating a production or employment crisis but as previously indicated, further consolidating high GDP growth rates.

Employment and Unemployment

Poland's excellent economic growth has had equally excellent consequences for the labor market, with employment rising and unemployment falling.

Let's turn now to the fundamentals of

the labor market (see Table 2), starting with the population. Poland's population has fluctuated since 1980 going from around 35.6 million that year to over 38.6 million in 1998. This was followed by a decline of about half a million in 2007/2008 and a return to the high of 1998 in 2013. According to the projections to 2022, the Polish population will stabilize around this level in the coming years.

The population of working age grew significantly too from 23.7 million in 1990 to nearly 26.2 million in 2010. Since that year, however, the aging of the population has brought about a slow and steady reduction in the number of people of working age. This trend is set to accelerate in the coming years, falling below 25 million in 2022.

The participation rate suffered a sharp decline from 73 per cent in the early nineties to 65 per cent in 2005, before recovering gradually to around 69 per cent in 2011. The economic crisis, however, reversed the trend in 2012, with some signs of recovery in 2013. Forecasts for future years indicate a return to a participation rate of approximately 71.7 per cent in 2022.

The participation rate is crucial to assessing the prospects of the Polish labor market in the coming years. In fact, a recovery in the participation rate could compensate for a fall in the size of the working-age population. In fact, the supply of labor dropped substantially in the nineties before rebounding in the first decade of the new millennium. Projections indicate a possible new peak of more than 18 million units in 2019 to 2020.

In fact, in the first phase of the transition, many Polish workers moved to the other European countries in search of work and better economic conditions. Now, though, the success of the Polish economy, and the promise of job opportunities, has attracted them back home. But despite the positive

out look for the coming years, if the fall in the working-age population is not accompanied by the expected increase in the participation rate, labor supply in Poland could fall, creating tensions in the market.

At the time of the fall of the Berlin Wall, according to the statistics of the planned economy, more than 16.6 million workers had employment in Poland. The transition and the restructuring of productions lashed this number to a low of 13.6 million in 2003. By 2011 the total number in employment had recovered to above 16 million; after the crisis of recent years, this should again be the case after 2017.

So, the first phase of the transition to a market economy cut around three million jobs from the total. The following period of strong growth saw these three million jobs regained by the end of 2011. Certainly, once again the differences in measurement of statistics between planned and market economies must not escape attention. Indeed, one wonders what „employment levels“ were secured before the fall of the Berlin Wall and what those levels were having been more solidly created subsequently in a competitive and open market economy.

In fact, from just over 600,000 unemployed in 1990 (a rate of 3.4 per cent) the figure spiked in 2003 at 3.2 million (almost 20 per cent), before dropping back to 1.5 million in 2008 (below 10 per cent). The global crisis has brought Polish unemployment back up to over 13 per cent, with projections pointing to as light decline between now and 2022 – though forecasts are that the number is unlikely to fall below 11 per cent in this period.

Government Finance

As noted earlier regarding statistical evidence on trends in GDP and the labor market, still more doubts abound when it comes

to analyzing public finance data (see Table 3). In fact, the data up to 1994-1995 on government expenditure and revenue have questionable coherence and lack credibility. According to historical data, government spending and revenue were reportedly even higher than GDP in the years after the Berlin Wall fell.

In the first phase of transition, the burden of the public budget on the economy clearly falls, with public spending and total revenue respectively falling to 41 per cent to 38 per cent of GDP in 2000.

During the crisis of 2009, the public deficit rose sharply, with government spending rising back to 45 per cent of GDP while total revenue sank to 37 per cent.

The budget deficit as a percentage of GDP therefore constantly remained between 4 per cent and 6 per cent, then jumping towards 8 per cent between 2008 and 2009. In recent years concerted efforts to re-balance the books have brought about a decline in public deficit to 3.5 per cent in 2013; further consolidation would bring it below 2 per cent in 2019.

Since 1991, the state budget in Poland has always run a primary deficit: total revenue has always been insufficient to offset total expenditure excluding interest payments. Thus since the second half of the nineties the trend has been for public debt to rise: after being limited to 37 per cent of GDP in 2000, it has peaked at 57 per cent of GDP in 2013. This trend should now reverse; forecasts to 2022 indicate an expected fall in this ratio back toward 45 per cent.

From this point of view, then, the Polish economy is in sound financial condition and the state budget has good prospects; the data show that the limit of 3 per cent deficit of the Maastricht Treaty and the 60 per cent Debt/GDP ratio would already be fulfilled.

Money and Interest Rates

By keeping its currency, the zloty, and its monetary sovereignty at its Central Bank, Poland has been able to provide full autonomy to the economic system, along with the necessary liquidity to finance economic growth while at the same time controlling inflation. Throughout the nineties in fact, interest rates have remained high, both in nominal and real, inflation-adjusted, terms. Only since the early years of this decade, after inflation was brought under control, have the conditions for a sharp drop in interest rates compared to the previous decade been present, although real interest rates have remained at around 10 per cent (see Table 4).

Exchange Rate and Foreign Accounts

We have seen so far the first two preconditions for the Polish economy's sustained and significant success following the fall of the Berlin wall, through accession to the European Union, right up to today. On the one hand, in fact, the conditions of relative equilibrium of public finances and especially of a public debt have been maintained well below the EU average; on the other hand, monetary sovereignty has allowed Poland to cover in adequate quantities and at comparatively low interest rates both households and businesses in order to foster growth and employment. The „triangle” of Polish success can thus now be closed with the third pillar, which has been determined by the management of the zloty exchange rate and the Balance of Payments.

The zloty exchange rate, falsely attested as about equal to one in 1990, suffered a devaluation of more than 400 per cent, to a rate of 4.35 in 2000. In subsequent years it has been stable at around three. According to

forecasts, this level should be maintained up to 2022 (see Table 5).

Against the euro, in the nineties and the early years of this decade, the zloty was devalued more than against the dollar, as if to represent a relative pegging on the American currency. This condition has allowed the Polish economy to gain a competitive edge with the rest of the world and, above all, to the rest of the Eurozone.

The subsequent stabilization, once again, proves the validity of the choices made. In fact, in view of the coming years, while the zloty appears to stabilize around the dollar at a value of three, the stabilization tends to be located around 3.9 to 3.8 against the euro and this will also allow the Polish economy some exchange rate competitiveness in the coming years.

The Current Account of the Balance of Payments (Foreign Accounts) was in deep and deepening deficit for the twenty years up to 2010. The last two years have seen a marked reduction in the deficit, but available forecasts foresee a gradual return to increase until 2022.

So, is there an issue with the sustainability of Polish external accounts? On the one hand, over the first twenty years of the period under discussion, the current account deficit was largely offset by two important items of income and capital inflows: foreign direct investment and emigrant remittances. On the other hand, Poland's foreign debt has trended upward, accelerating sharply in all the years of this millennium and it is expected to continue in future projections, albeit at a slower pace.

Nevertheless, two risks need to be underlined: the sharp reduction in remittances and at the same time, the notable reduction of foreign direct investment. Since 2007, in fact, both of these items have shown a sharp decline. While forecasts to 2022 predict these flows to resume a much more su-

stained pace, if this does not happen, clearly risks for the foreign debt of Poland could give more cause for concern.

Last but not Least: EU Funds to Poland

Of no less significance than the other factors discussed above is the contribution to the Polish growth made by the country's excellent use of European Union funds. Table 1 shows key indicators for the economies

of Eastern Europe, including flow of funds from the European Union.

While the inflow of EU funds varies from country to country, highest budget is allocated for Poland, by far the largest of the Eastern European Member States by population.

Poland needs to continue this optimal utilization of the European funds in the coming years, perhaps focus more on infrastructure, human capital formation and innovation and technology.



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- APPENDIX - TABLES OF DATA -

1.- GROWTH AND INFLATION

HISTORICAL DATA 1980-1996	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
1 GDP annual growth, real LCU		-10,1	-4,8	5,6	5,7	3,6	4,2	2,0	4,2	0,2	-11,6	-7,0	2,5	3,7	5,3	6,9	6,4
2 GDP, real, LCU	600 584	640 002	514 371	542 914	573 788	594 177	619 225	631 458	657 672	658 837	582 526	541 659	555 281	576 040	606 528	648 694	689 670
3 Consumer price index	0,2	0,2	0,3	0,3	0,3	0,4	0,4	0,5	1,4	10,0	17,8	25,6	35,1	46,7	59,8	71,7	82,5
4 GDP deflator	0,0	0,1	0,1	0,1	0,1	0,2	0,2	0,3	0,4	1,4	10,1	15,7	21,8	28,5	38,8	52,0	61,1

HISTORICAL DATA 1997-2013	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1 GDP annual growth, real LCU	7,0	4,9	4,4	4,5	1,3	1,5	3,9	5,2	3,6	6,2	6,8	5,0	1,6	3,9	4,5	2,1	1,5
2 GDP, real, LCU	737 806	774 167	808 542	844 720	855 513	867 934	902 162	949 324	983 120	1 043 885	1 115 116	1 171 027	1 189 899	1 235 980	1 292 097	1 318 922	1 338 529
3 Consumer price index	92,1	100,0	107,3	118,1	124,6	126,9	127,9	132,5	135,3	135,8	140,1	145,1	151,7	155,9	162,4	168,5	170,5
4 GDP deflator	69,6	77,3	82,0	88,0	91,2	93,2	93,4	97,4	100,0	101,5	105,5	108,8	112,7	114,4	118,1	121,0	122,1

FORECASTS 2014-2022	2014	2015	2016	2017	2018	2019	2020	2021	2021
1 GDP annual growth, real LCU	2,9	3,2	3,5	3,4	3,4	3,3	3	2,7	2,6
2 GDP, real, LCU	1 377 661	1 422 216	1 471 770	1 522 066	1 573 456	1 624 814	1 674 177	1 718 804	1 763 926
3 Consumer price index	173,1	177,7	182,4	186,9	191,3	195,7			
4 GDP deflator	123,4	126,2	129,3	132,5	135,7	138,6			

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2.- EMPLOYMENT AND UNEMPLOYMENT

HISTORICAL DATA 1980-1996	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
5 Population, total x1000	35 614,3	35 939,5	36 272,5	36 615,1	36 943,9	37 236,5	37 485,0	37 692,1	37 839,5	37 980,7	38 128,9	38 262,0	38 377,3	38 472,2	38 552,1	38 598,5	38 628,1
6 population of working age											23 708,62	23 859,07	24 019,41	24 187,94	24 367,54	24 547,33	24 724,92
7 Participation rate											72,79	72,79	72,79	72,75	71,95	71,21	70,56
8 Labour supply											17 258,49	17 366,24	17 482,74	17 595,75	17 532,51	17 479,94	17 446,98
9 Employment, total											16 627,19	16 593,70	15 118,24	14 853,34	14 617,26	14 781,10	14 937,73
10 Unemployment											619,75	1 667,50	2 358,67	2 742,42	2 915,25	25 698,83	2 509,25
11 Unemployment rate											3,44	9,01	12,93	15,03	16,51	15,23	14,30

HISTORICAL DATA 1997-2013	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
5 Population, total x1000	38 652,2	38 664,4	38 414,7	38 257,5	38 246,6	38 227,4	38 201,1	38 180,1	38 163,3	38 137,3	38 113,3	38 128,3	38 155,5	38 393,9	38 535,2	38 535,2	35 566,0
6 population of working age	24 928,04	25 162,46	25 150,98	25 220,62	25 414,44	25 587,06	25 748,72	28 596,54	26 030,82	26 104,80	26 127,55	26 118,81	26 087,10	26 163,90	26 123,24	26 020,06	25 594,46
7 Participation rate	69,04	68,06	67,66	67,58	67,33	66,12	65,18	65,02	64,99	65,56	65,36	66,02	67,25	68,03	68,80	67,42	68,11
8 Labour supply	17 211,04	17 125,97	17 016,58	17 043,40	17 111,72	16 917,32	16 791,91	16 838,17	16 916,82	17 061,33	17 128,92	17 244,18	17 544,25	17 799,64	17 973,39	17 542,54	17 536,77
9 Employment, total	15 187,63	15 369,23	14 858,75	14 519,65	14 197,98	13 754,40	13 602,08	13 746,50	14 044,33	14 524,58	15 168,50	15 720,10	15 813,50	15 881,73	16 005,55	15 493,98	15 454,95
10 Unemployment	2 023,42	1 756,75	2 157,83	2 523,75	2 913,76	3 162,92	3 179,53	3 091,67	2 872,50	2 535,75	1 960,42	1 524,08	1 730,75	1 917,92	1 967,83	2 048,57	2 174,53
11 Unemployment rate	11,51	10,01	11,99	14,03	16,22	19,72	19,92	19,50	18,18	16,19	12,69	9,83	10,97	12,11	12,38	12,80	13,54

FORECASTS 2014-2022	2014	2015	2016	2017	2018	2019	2020	2021	2022
5 Population, total x1000	38 614,6	38 637,5	38 645,0	38 650,5	38 655,2	38 658,7			
6 population of working age	25 826,81	25 749,96	25 633,86	25 518,25	25 405,83	25 296,25	25 187,35	25 074,29	24 954,76
7 Participation rate	68,46	68,94	69,45	70,00	70,63	71,16	71,43	71,55	71,88
8 Labour supply	17 681,09	17 751,25	17 805,50	17 863,59	17 944,45	18 002,02	17 990,87	17 940,82	17 886,75
9 Employment, total	15 586,97	15 705,35	15 848,77	15 975,90	16 060,72	16 114,53	16 103,17	16 058,05	16 009,08
10 Unemployment	2 085,24	2 045,91	1 957,13	1 887,69	1 883,73	1 887,49	1 887,70	1 882,76	1 877,67
11 Unemployment rate	12,95	12,65	12,07	11,60	11,53	11,51	11,52	11,52	11,53

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3.- GOVERNMENT FINANCE

HISTORICAL DATA 1990-2001		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
12	Government expenditure, total, LCU	150 934,24	150 934,24	150 934,24	150 934,24	150 934,24	160 858,90	215 042,42	238 402,55	265 263,45	283 097,41	305 533,26	341 917,82
13	Government revenue total, LCU	136 719,40	136 719,40	136 719,40	136 719,40	136 719,40	146 020,77	194 381,49	214 767,82	240 114,32	267 848,51	283 231,66	300 544,20
14	General government net lending/borrowing LCU						-14 887	-20 552	-23 867	-25 692	-15 386	-22 541	-41 095
15	General government net lending/borrowing % of GDP						-4 415	-4 865	-4 631	-4 276	-2 311	-3 028	-5 272
16	Government primary balance, LCU	18 550,04	-10 061,26	-7 209,66	-489,96	946,24	4 523,86	-1 382,94	-250,74	-1 609,92	4 425,19	210,30	-17 038,62
17	Government primary balance % of GDP	31,43	-11,86	-6,01	-0,33	0,39	1,34	-0,32	-0,04	-0,26	0,67	0,03	-2,18
18	General government gross debt LCU						165 200	183 294	221 220	233 687	253 392	273 832	292 818
19	General government gross debt % of GDP						48 989	43 390	42 926	38 889	39 567	35 787	37 562

HISTORICAL DATA 2002-2013		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
12	Government expenditure, total, LCU	358 366,42	376 743,71	393 827,93	426 636,40	465 066,90	49 680,80	550 670,30	598 329,10	642 183,70	662 143,40	673 194,10	694 797,20
13	Government revenue total, LCU	317 918,71	324 488,44	343 906,08	387 315,11	425 869,90	474 223,00	503 506,40	499 054,80	530 438,10	585 859,60	610 979,40	612 885,30
14	General government net lending/borrowing LCU	-40 317	-52 212	-49 775	-40 049	-38 470	-22 136	-46 985	-99 595	-111 303	-76 731	-62 716	-74 078
15	General government net lending/borrowing % of GDP	-4 986	-6 192	-5 384	-4 073	-3 629	-1 881	-3 684	-7 408	-7 857	-5 021	-3 931	-4 540
16	Government primary balance, LCU	-17 093,68	-27 199,28	-24 436,85	-12 805,36	-10 005,60	4 853,09	-18 801,89	-65 560,87	-72 564,28	-35 522,66	-16 623,68	-24 400,29
17	Government primary balance % of GDP	-2,11	-3,23	-2,64	-1,30	-0,94	0,41	-1,47	-4,89	-5,13	-2,33	-1,04	-1,49
18	General government gross debt LCU	340 896	396 731	422 386	463 019	506 036	529 370	600 845	684 082	776 825	859 076	886 779	937 869
19	General government gross debt % of GDP	42 160	47 053	45 686	47 088	47 738	44 986	47 106	50 880	54 838	56 218	55 590	57 476

FORECASTS 2014-2022		2014	2015	2016	2017	2018	2019	2020	2021	2022
12	Government expenditure, total, LCU	711 644,70	745 195,40	784 410,30	825 269,30	859 082,70	912 255,50	956 987,60	1 002 122,00	1 048 837,10
13	Government revenue total, LCU	797 192,30	698 641,10	743 763,20	787 375,80	831 706,90	875 479,70	920 446,80	963 851,30	1 009 348,00
14	General government net lending/borrowing LCU	-60 453	-54 413	-42 229	-45 707	-43 632	-40 622			
15	General government net lending/borrowing % of GDP	-3 543	-3 017	-2 214	-2 263	-2 039	-1 792			
16	Government primary balance, LCU	-122 965,92	-8 577,26	-221,50	3 610,92	7 115,22	10 612,21	11 226,95	11 414,63	12 010,17
17	Government primary balance % of GDP	7,23	-0,48	-0,01	0,18	0,34	0,47	0,48	0,46	0,47
18	General government gross debt LCU	844 993	903 672	951 419	983 411	1 013 393	1 037 002			
19	General government gross debt % of GDP	49 513	50 109	49 888	48 685	47 355	45 741			

APPENDIX - TABLES OF DATA -

4.- MONEY AND INTEREST RATE

HISTORICAL DATA 1990-2001		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
20	Money supply, M3, LCU	21 261	30 691	38 523	54 734	69 222	101 296	138 004	176 651	220 599	265 605	297 748	327 090
21	Interest rates on consumer credit and other household loans with less than one year of a maturity	681,81	73,79	52,74	54,31	59,93	60,06	47,51	51,45	47,15	31,31	40,27	36,91

HISTORICAL DATA 2002-2013		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
20	Money supply, M3, LCU	323 844	343 079	375 352	424 762	492 233	557 565	660 189	712 673	774 325	870 594	909 787	966 656
21	Interest rates on consumer credit and other household loans with less than one year of a maturity	20,30	12,70	13,02	13,55	12,25	12,48	13,62	13,18	13,22	13,65	13,97	12,18

FORECASTS 2014-2022		2014	2015	2016	2017	2018	2019	2020	2021	2022
20	Money supply, M3, LCU	1 020 329	1 075 464	1 136 828	1 203 894	1 272 368	1 340 707	1 411 008	1 478 091	1 548 555
21	Interest rates on consumer credit and other household loans with less than one year of a maturity	11,10	11,69	11,51	11,24	11,04	10,91	10,38	10,25	10,16

- APPENDIX - TABLES OF DATA -

5.- EXCHANGE RATE AND FOREIGN ACCOUNTS

HISTORICAL DATA 1990-2001		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
22	Exchange rate, period average	0.95	1.06	1.36	1.81	2.27	2.42	2.70	3.28	3.49	3.97	4.35	4.09
23	Exchange rate, period average, per Euro	1.21	1.31	1.76	2.12	2.70	3.17	3.42	3.71	3.91	4.23	4.01	3.67
24	Current account of balance of payments, LCU	2 913.65	-2 341.33	-4 272.03	-10 361.13	2 226.94	2 047.14	-8 897.74	-18 932.45	-24 104.10	49 597.76	-44 892.01	-24 151.05
25	External debt, total US \$	49 364.30	53 420.50	48 431.60	45 113.40	42 489.90	52 511.00	47 541.00	49 547.00	59 177.00	65 443.00	69 463.00	71 971.00
26	Workers remittances, net, US \$					1 000.00	1 000.00	1 000.00	1 000.00	1 000.00	1 000.00	1 000.00	2 000.00
27	Foreign direct investment, inward, US \$	89.00	291.00	678.00	1 715.00	1 875.00	3 659.00	4 498.00	4 908.00	6 365.00	7 270.00	9 252.00	5 713.00

HISTORICAL DATA 2002-2013		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
22	Exchange rate, period average	4.08	3.89	3.65	3.23	3.10	2.77	2.41	3.12	0.30	2.95	3.26	3.16
23	Exchange rate, period average, per Euro	3.85	4.40	4.54	4.03	3.89	3.78	3.52	4.33	3.99	4.12	4.19	4.20
24	Current account of balance of payments, LCU	-22 510.95	-21 377.59	-48 875.37	-23 480.09	-40 566.06	-72 682.20	-83 711.87	-52 628.30	-72 379.81	-76 949.98	-58 943.27	-20 929.93
25	External debt, total US \$	84 875.00	107 274.00	129 943.00	132 869.00	169 765.00	233 343.00	244 751.00	280 187.00	317 132.00	323 289.00	365 744.00	379 279.00
26	Workers remittances, net, US \$	2 000.00	2 000.00	4 000.00	5 000.00	7 000.00	9 000.00	8 000.00	7 000.00	6 000.00	6 000.00	5 000.00	5 277.34
27	Foreign direct investment, inward, US \$	4 146.00	4 608.00	12 481.00	10 321.00	19 772.00	23 577.00	14 912.00	13 085.00	14 459.00	20 494.00	5 967.00	-6 076.00

FORECASTS 2014-2022		2014	2015	2016	2017	2018	2019	2020	2021	2022
22	Exchange rate, period average	3.04	3.05	3.01	2.95	2.95	2.99	3.02	3.04	3.04
23	Exchange rate, period average, per Euro	4.16	4.07	3.97	3.85	3.83	3.83	3.83	3.83	3.83
24	Current account of balance of payments, LCU	-21 614.19	-28 618.69	-36 205.33	-45 527.11	-52 929.86	-53 369.23	-53 564.98	-58 188.00	-60 147.19
25	External debt, total US \$	383 341.70	392 624.60	406 426.60	424 060.30	442 370.90	460 329.20	479 016.90	498 174.70	518 098.10
26	Workers remittances, net, US \$	5 712.68	6 006.09	6 449.60	6 987.03	7 372.14	7 685.30	8 002.26	8 333.94	8 702.03
27	Foreign direct investment, inward, US \$	10 378.75	14 531.79	17 423.83	19 880.04	21 411.06	22 742.89	23 980.24	25 251.72	26 553.52

Not Just Sausages. Polish Export Hits – How We Conquer Other Markets

RYSZARD FLOREK

The sixties. Poland. The picturesque village of Tymbark, located in the Island Beskids. This is where it all started.

The idea for roof windows was born in the loft of my family home. Guests had arrived, but there was simply not enough room. For children, though, sleeping in the loft was a real treat. As the light seeped through a single glass tile, it dawned on me that building a window into the roof could be a way to go. At the time, the idea seemed too ludicrous for anyone in the family to give heed to my revolutionary concept. Today, a few decades later, FAKRO is the fastest growing manufacturer of roof windows in the world. As you can see, dreams do come true...

This playtime in a loft virtually devoid of light, with only one small glass tile, was the first impulse. It was later, during my studies at the Cracow University of Technology, when I first took a serious interest in the innovations appearing in the field of roof windows. I saw an extensive niche in Poland – where no one yet produced roof windows. In 1976 I travelled to West Germany for an internship – it was there that I grew convinced that my idea made sense. In 1986 I started the Building Joinery Company, Florad. The pane-

ling, flooring, built-in wardrobes and gateways to the historic buildings we manufactured there went on sale in Germany. But I had not forgotten about roof windows; I was preparing to make them all the time.

That time in Poland – 1988 – was marked with the emergence of a free market. The Sejm, under the leadership of Mieczyslaw Rakowski, adopted a law on economic activity that allowed the establishment of private enterprises and foreign capital-financed companies. This act proved a driving force for the formation of companies and in combination with appreciable shortages on the market, released the entrepreneurial spirit of Polish citizens.

In 1989, industrial privatization and re-privatization continued. Attempts were made to liberalize the law governing the setting up of private businesses. The Polish market opened up to foreign investors too. The Danish roof windows industry leader, Velux, entered the Polish market. I realized this was the last chance to fulfil my dream of producing roof windows.

Together with my wife Krystyna and cousin Krzysztof Kronenberger, we began putting together the very first roof windows in a humble home garage. We fabricated the

wooden elements in the Florad plant in Tymbark while the metal parts were stamped by a friendly mechanic in Nowy Sacz. In the mid-1990s the garage held the first batch of production in the form of 10 roof windows and in January 1991 the new company was registered under the name FAKRO.

The first production plant was furnished with equipment moved from the home garage. By 2002, we had already produced and sold more than two thousand windows. With constant expansion in mind I went on a tour around the world to see how the best companies in the industry manufactured windows – in Germany, Scandinavia and America. I closely followed exhibitions at the largest construction trade shows taking place in Europe and brought all that experience back to Nowy Sacz.

The privatization program of state enterprises launched in the years 1991-1992 was the next engine of growth of private sector small and medium-sized enterprises. These were created by the privatization and division of large state-owned enterprises, and absorbed surplus labour from liquidated and failing state-owned companies.

Today, already a quarter century has passed since the fall of the communist state. The free market economy set in motion in Poland in 1989 at first brought about a wave of setbacks (high inflation, collapse of the overall economic situation, price shock, rising unemployment and loss of liquidity in financial markets) and, only later, foreign investment. However, a number of companies did cope with the transformation, conquering the Polish market. Today these firms are extremely successful in the world at large; they purchase foreign companies, build factories abroad and open new stores, becoming truly global enterprises.

Polish export hits? If you ask a foreigner what Poland is best known for abroad, you will most likely hear: Pope John Paul II, Lech

Walesa, beautiful women, vodka and delicious sausage. All true, but far from the whole story. To this list, we have to add at least a dozen companies that are taking the hearts of customers around the world by storm. These companies could confidently be described as Polish national treasures.

Maspex Wadowice Group – an international food business. Established in 1990, the company is now one of the largest food producers in Central and Eastern Europe. It started from packing coffee creamer and instant cocoa. Over time, the Maspex Group expanded its product range to include soft drinks, juices and fruit preserves. In the meantime, in Hungary, the Czech Republic, Romania, Slovakia, Kaliningrad and Moscow, Maspex set up foreign subsidiaries.

In 2003 Maspex Wadowice S.A. acquired shares in Lubella, thereby branching out into pastas, cereals, grits and flour and becoming a leader in the pasta market in Poland. Currently Maspex employs around five thousand people. The company is a clear market leader in juices, nectars and soft drinks in Poland, the Czech Republic, Slovakia, as well as being the leading producer in Hungary, Romania, Bulgaria and Lithuania. The products of the Maspex Wadowice Group are exported to over 50 countries worldwide.

Inglot – a Polish cosmetics company founded in 1983 by Wojciech Inglot in Przemysl. The brand is well known among ladies not only in Poland. Mascaras, lipsticks, nail varnishes or eye shadows produced by Inglot are bought by women in more than 50 countries worldwide. Inglot has boutiques in such exclusive places as Broadway and Caesars Palace in Las Vegas.

The company already boasts around 500 stores around the world. Despite the death of the founder, the Inglot family is taking the business from strength to strength. Ultimately, the dream is to achieve a position in the world similar to that enjoyed by Max Factor

MADE IN POLAND MADE IN

and Helena Rubinstein – and here is another interesting fact – both of these global cosmetic companies were founded by Poles.

LPP – owner of such brands as Reserved, Mohito, Cropp, Sinsay and House. LPP's clothes are worn by Poles, Russians, Czechs, Slovaks and fashion-conscious consumers from several other countries from our region. The company has more than 1,000 stores. **LPP products are sold in 700 stores in Poland and 324 abroad.**

Headquartered in Gdansk, the company is gearing up for the conquest of Western markets. Reserved brand boutiques are to be established in Milan, Paris, London and Berlin. But westwards is not the only direction of development – LPP products are also available on the Arabian Peninsula.

PESA – a Bydgoszcz-based rail vehicle manufacturer. The history of PESA is tied to the first railway line to reach Bydgoszcz, in 1851. The post-1989 economic upheaval massively destabilized the market, hitting the Bydgoszcz plant hard.

In 1998, Tomasz Zaboklicki bought the plant from the state, creating a management company. In a watershed year of 2001, PESA began the construction of a rail bus named Partner. Further proprietary pro-

jects included electric trains, the first single-space train and finally, the country's first low-floor tram.

Today PESA is at least a European brand, its rail vehicles, trains, trams and locomotives visible up and down the country, as well as in Italy, Hungary, Lithuania, Ukraine, Belarus, Germany, Russia, Romania, the Czech Republic and Kazakhstan.

Selena – an international manufacturer and supplier of a wide range of construction chemicals for professional contractors and individual users in over 70 countries. The Selena Group comprises 30 companies, located in Poland, Spain, Brazil, Bulgaria, China, the Czech Republic, Slovakia, Finland, Germany, Kazakhstan, South Korea, Romania, Russia, Turkey, Hungary, Italy, Ukraine and the USA.

Solaris – a producer of public transport vehicles. It was a boyhood dream of Krzysztof Olszewski, a graduate in Mechanical Engineering of the Technical University of Warsaw, to open an automobile repair shop.

In December 1981, while Olszewski was travelling to Cologne for some spare parts, martial law was declared in communist Poland. He remained in West Germany, finding a job at the Neoplan bus plant in Berlin, where in 1985 he was appointed plant manager.

In the '90s, Olszewski returned to Poland. Today he and his wife have their own factory producing buses and trams, Solaris Bus&Coach. In 2006, as the first company in Europe, they presented a hybrid bus – combining a combustion engine with an electric motor. Two years ago, the company unveiled fully electric buses, which are one hundred percent safe for the environment.

As well as buses, Solaris produces trolleybuses and trams. Solaris took the European market for city buses by storm. There is hardly a respectable city in Europe where you will not see at least one Solaris on its roads. You can already commute by this Polish bus on the Arabian Peninsula, and in the near future the same will be true for America.

So what about the position of **FAKRO**?

FAKRO is one of the world's most dynamic and fastest growing companies in the roof window industry. In just 20 years FAKRO has grown from a small, family company into an international corporation, now vice-leader of the global market for roof windows, with about 15 per cent share of the global market.

The FAKRO Group, which employs more than 3300 people, consists of 13 production companies and 15 distribution companies, located in Europe, Asia and America. The company is also one of the world's leading manufacturers of loft ladders and FAKRO products can be found in more than 50 co-

untries around the globe.

These companies are building the Polish brand, bringing forth the best Polish quality and creating a positive image of Poland in the world. In this way, they blaze a trail for other Polish companies that are looking to break into international markets.

And you have to admit doing so is not easy. When Poland joined the European Union we believed accession was a guarantor of uniform development for each member state. But the creation of an equal opportunities mechanism has failed. The abolition of barriers to the free flow of capital, goods and labour has let the largest corporations from the old EU countries reap the biggest benefits of all.

With the economies of scale they had already achieved on their existing markets, these large corporations have proven to be the biggest beneficiaries of European integration. The economic advantage these companies have reaped is generally much greater than the benefits to companies of the new EU countries, achieved mainly due to lower domestic labour costs. Polish companies – despite the excellent quality of their products and services – are not always able to compete with pan-European enterprises. What can Polish companies do in these circumstances? They can go about their business, believing that a mechanism of equal opportunities will still be created...



RYSZARD FLOREK

Director and owner of FAKRO, a family-owned business founded in 1991. Currently, it is the most dynamic and the most fast-growing company in the worldwide branch of the roof windows.

Laureate of the Entrepreneur of the 2010 Year Award. Twice honored by the Economic Award of the President of the Republic of Poland for building the prestige of Polish economics in the European Union countries.

Giving Power back to the People: How to Build Efficient Self-government out of a Centrally-Controlled System

JANUSZ SEPIOŁ

When Poland was reborn after World War I, uniting territories hitherto in the thrall of the three occupying powers – Austria, Germany and Russia – creating a uniform system for the administration and management of the country was a singular challenge. In fact three traditions clashed in the new Poland. The first was Germany's rich Prussian tradition of local government, from which Poles had been sidelined due to the state's repressiveness. Secondly, the Austro-Hungarian Empire, since the establishment of Galician Autonomy, had developed its own excellent system of local government. One manifestation of this was the fertile development of Lviv and Krakow. Thirdly, the Russia-annexed lands – the lion's share of the country – were in fact characterised by a lack of any local government tradition whatsoever. During the two interwar decades, attempts were made to organize the country's internal system but these attempts were not without conflict. Court disputes between municipalities and central government, and administrators appointed to perform the duties of the mayors of larger cities – were far from exceptional.

In communist Poland there was no room for subjectivity or independence of local

structures. A dogma of 'democratic centralism' reigned, meaning that the elected authority of a lower unit was subject to the authority of a higher level body, and local councillors represented both the interests of citizens and the interests of the state. The executive authorities were strictly hierarchical as well as having de facto independence from the elected bodies. The word „elective” can be misleading, because the elections were a sort of fiction; there was only one list of candidates (the so-called Front of National Unity list) for whom it was mandatory to vote. Additionally, the administration performed a purely technical, executive function. The operative principle was „the party leads – the government governs”. Thus, all strategic, directional and personnel decisions were taken by the Communist Party, whose bodies out in the country, as well as at all workplaces, formed a baroque and opaque structure.

Local authorities neither had incomes nor set their budgets independently. Nor did the local authorities own their own property, since, other than private property, only indivisible state „ownership” existed (what had been the property of local governments was nationalized). Despite the pretence of

elections and the functioning of local and regional representative bodies, the system was centralized, statist and ineffective. Social integration was far more centred around the workplace than the „little homelands“. The workplace provided housing, kindergartens, holiday accommodation, sports clubs, community centres and orchestras. The workplace was the organizer of social life.

It is puzzling that as the communist system more and more evidently lost its strength and ideological attractiveness, emerging opposition groups did not fill the growing vacuum in local government affairs or local development. This was due to the character of that opposition. On the one hand, it was formed by circles in the intelligentsia, most often Catholic. In these groups, no battle cry to seize power ever grew up; instead the focus was on human rights and political and civil freedoms. On the other hand, the old system was eroded by the free trade unions, concerned with improving workers' rights, guaranteeing decent work and improving social conditions. It is hard to demand such people to engage in deep reflection on the nature of the state's political system.

Nevertheless, a handful of particular individuals did try. For the several stormy months of the „Solidarity“ movement's growth, the word „self-government“ found itself in the limelight. It was understood primarily in the moral sense: „self-government“, or governing our own way, independently, without following the party line. This is precisely how to read the official name „the Independent Self-Governing Trade Union Solidarity“. The need was declared, above all, for workers' self-determination in the workplace and the need to develop the infrastructure of civil society – movements independent of party power. Local government was rather an abstract concept.

During the Round Table discussions, a group of activists led by Professor Jerzy Regulski managed to squeeze the slogan „local government“ onto the negotiation agenda. While the talks did not bear fruit, the idea began to catch on. An opportunity for action came after the first democratic elections to the revived Senate in 1989. Jerzy Regulski, as chairman of the Senate Committee on Local Government, initiated work on the building of a system of local government. The first non-communist government in Central Europe – that of Tadeusz Mazowiecki – added this task to its agenda. Unfortunately amid the cacophony of discussion of so many other competing issues (not least of which being the „shock therapy“ economic reforms) this project found itself low in the list of priorities, as well as being misunderstood and resisted by a large section of the government.

The group of reformers faced an insurmountable task; in order to maintain social enthusiasm for political change, it was necessary to act quickly. Preparations required such fundamental changes as a new electoral law, a law on local government, local government's competence, the allocation of local government property, local government finance, employees, municipal organisations and, no less importantly, introductory and transitional provisions. Out of respect for the autonomy of local governments and to stress their independence from central government, separate institutions (Self-Government Appeals Body) to assess the quality of local government administrative decisions were established. So too was a system of Regional Accounting Chambers to control municipalities' financial management.

The context in which these reforms took place must be borne in mind. For instance, the difficulty in allocating property stemmed not only from legal doubts, but also from the

loss of land and property registers under communism. Furthermore, how could a new finance act be drafted at a time of raging hyperinflation – over 600 per cent in 1989? Even so, on 27 May 1990, local government elections were held, less than nine months after the formation of the Mazowiecki government. Appointed by the prime minister, officials went to all 49 voivodships, their task to implement the reforms. These officials ran training, helped conduct the first council sessions and drafted statutes and bylaws. The once lost titles of *wójt* (alderman) and *burmistrz* (mayor) were restored to the Polish language.

The reforms sent out political shockwaves. Suddenly this great breakthrough, which for many in the provinces had been little more than a drama played out on television, came to every town and village of Poland. New faces came to power. Typically these were people who had had no chance of finding their way onto the election lists of the Front of National Unity, but now had real backing in society.

The first term of local government was a great success, particularly in small municipalities and rural areas – and this in spite of the ongoing economic turmoil of shock therapy (described vividly by someone as „like trying to turn an omelette back into an egg”). The force driving this success was forty thousand committed people who took local matters into their own hands. This groundswell was coupled with an unprecedented inflow of funds into areas that had always been last in line when public money was being dished out. Things did not go quite so well in the larger towns and cities, where the law guaranteed insufficient governmental stability and metropolitan finances fell short of covering essential costs. Nevertheless, reform had been set in motion and it remained only to adjust and develop the system.

Poland's political instability in the nineteen nineties meant that subsequent local government reforms, which were to complement municipal reform, were significantly delayed. First the need for so-called *powiats* was established. *Powiats* are intermediate (supra-local but sub-regional) organisational units whose mission it would be to deliver services that local councils (*gminy*) could not effectively. The establishment of the *powiats* had to accompany the reform of the voivodeships, and thus the creation of the regions responsible for social and economic development, as well as raising competitiveness across the country. These reforms were finally implemented during the government of Prime Minister Jerzy Buzek, eight years after the municipal reform.

It is not our task here to examine the successive reforms that ensured the evolution of Poland's system of local government – with perhaps one exception: after EU accession in 2004, the government decided to create a decentralized system of structural funds, particularly the European Regional Development Fund. While the financial perspective 2004 to 2006 was of an experimental nature, the 2007 to 2014 term later the 2013 to 2020 in particular, saw more than half of European funds managed at regional level and implemented by local governments. To meet this challenge local government had to raise its professionalism while seizing the opportunity to have real influence on the shape of reality.

Today Polish local governments are a major economic and political force. Their income constitutes around 40 per cent of public sector income as a whole and their investments over 60 per cent of all public investment. Local authorities are also cooperating extensively internationally, building contacts and partnerships as well as supporting Polish foreign policy goals through social diplomacy.

The almost fifty thousand citizens elected onto local councils every four years play an essential supporting role in Polish politics – particularly as getting elected onto a regional council (voivodeship council) no less of a challenge than getting elected to parliament. Today, Polish parliamentarians or ministers without local government experience are a rare animal.

The reforms at municipal and then *powiat* and voivodeship levels that so greatly changed the Polish political landscape are viewed as a decisive success. Local authorities now fare well in public opinion surveys, the term „the local councillor” carrying an ennobling connotation.

Having developed a rational local government structure in size and number, and providing those units with stable financing, judicial protection and full autonomy with regard to property, Poland’s local government system is eyed by those abroad with keen interest – especially by the Eastern Partnership countries, Russia, Romania, the Balkan states and Kazakhstan among others.

Within just a single term after the first local elections, Polish local authority organisations managed to build a network of associations: the Association of Polish Cities, the Association of Rural Municipalities, the Union of Small Towns and the Union of Polish Metropolises. Together these organi-

sations make up the Joint Government and Local Government Commission, which evolved from a series of informal meetings to become a statutory body that assesses all current legislation affecting the functioning of the state, as well as being a forum for strategic debate and settling matters relating thereto.

The reform of local government was a material factor in a host of other areas. It spurred the development of a banking specialising in local government finance and trading in local self-government securities. The carving out of local authorities’ property from that of the state as a whole was the first step towards privatization and re-privatization. The takeover by local authorities of commercial properties for one thing enabled the monopoly on commerce to be broken.

One cannot underestimate the political factor. After the regional reform, as its chief architect, professor Michał Kulesza, said, „from now on, no single political party will rule Poland.” The local government reforms strengthened political pluralism and broadened the range of democratic action of the mechanisms of modern society. In real terms, Poland gained thousands of community, county and regional administrators. One cannot overstate the significance of the processes triggered by the wave of change that began with the reform of 1990.



JANUSZ SEPIOŁ

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Lessons from the Past: the German-Polish Partnership

MARKUS MECKEL

In Poland history has had a deep impact on society. History is part of Polish social life and anyone seeking political relations with the country – especially Germans or Russians – should take note. In a few words here I would like to sum up the burdens Germany and Poland have faced in history.

The three partitions of Poland by Russia, Habsburg Austria and Prussia at the end of the 18th century eliminated sovereign Poland for 120 years. Poland regained its independence after World War I and successfully defeated the Soviet Union. However, the Hitler-Stalin Pact divided Polish territories once again. On 1 September 1939, Germany invaded Poland and World War II began. Shortly after, on 17 September, the Soviets occupied Eastern Poland. The Nazis began to eliminate Polish elite and three million Polish Jews were killed during the Holocaust. Other than in the West against France and Great Britain, Hitler waged a war based on acquisition of lebensraum and extermination in the East. Ten thousand Polish soldiers were sent to

the Gulag, more than 20,000 were killed by the Soviets in Katyn and elsewhere.

After the invasion of the Soviet Union, thousands of Polish soldiers were freed to fight the Germans. Not only in the underground of the Polish Home Army but also within the Allied forces Polish soldiers fought and liberated us from the Nazis. Many Germans are hardly aware of this fact and appreciate it even less.

To this day in neither Germany nor Western Europe is it commonly understood that Poland's history and experiences in successive centuries have shaped attitudes towards the totalitarian Nazism and communism that differ from those in the West. It is a similar case in the Baltic States; Nazism and communism are considered equally as oppressive regimes. Contrary to this perception, communism is for Western Europe less dreadful than Nazism.

During the Cold War, two German states emerged for Poland to cope with. Both the GDR and Poland belonged to the Soviet bloc and were compelled by the Soviets to maintain a forced friendship. The GDR defined itself as an anti-Fascist state and

accused its Western counterpart of being responsible for the Holocaust. Only the church and the East German democratic opposition were aware that all Germans as a whole were responsible for the Holocaust and tried to deal with the historical guilt. In the so-called Polish classes of Günter Särchen, who worked for the Catholic Church in Magdeburg, Polish-German reconciliation was initiated by important projects such as the Action Reconciliation Service for Peace (Aktion Sühnezeichen). Although the borders between East Germany and Poland were closed in the '80s, the GDR opposition stayed in touch with the Solidarity trade union. A consciousness of common cause between the two movements was raised for the common good and against the communist regime. The Round Table and the establishment of the Mazowiecki government gave immense encouragement to the GDR opposition.

After the Peaceful Revolution and the first free elections in East Germany the GDR government wanted to unconditionally recognize the border with Poland as soon as possible. After discussing unresolved issues that resulted in Helmut Kohl's hesitation, Germany recognized the Polish border in the Two-Plus-Four talks. France especially played an important role during the negotiations.

Unlike the GDR, West Germany's relations with Poland were a controversial and oft-discussed issue. In the 1950s and '60s none of the Bundestag's political parties were ready to recognize the border with Poland. Cooperation was developed gradually by individuals and particular social groups. But it was very difficult to bring forward German-Polish reconciliation while Poland was part of the communist Soviet bloc.

While Germany and France pursued deepening reconciliation, easing West Germany's integration into Western

structures, reconciliation with the East seemed complicated. In an effort to cling on to power, the communist leaders encouraged anti-German sentiment. Anti-German sentiment also intensified among many Poles due to uncertainty about the future of the former German so-called „regained" lands in the East.

During the Cold War there was no chance for a peace agreement between Germany and Poland. The Christian churches were central in improving German-Polish relations, initiating dialogue between the countries. In 1965 the Protestant church in Germany published a memorandum on relations with the East known as „Ostschrift", declaring reconciliation and recognizing the border. At the end of the Second Vatican Council, Catholic bishops in Poland wrote a letter to their German counterparts with the famous words, „we forgive and ask for forgiveness".

This letter was a first courageous act and was followed by many others, leading to Willy Brandt's and Helmut Schmidt's Eastern policy and a policy of détente in the 70s. Brandt's peace treaty with Poland in 1970 was hotly contested in Germany. It included an agreement on the Polish border subject to recognition by a final treaty between a unified Germany and the Allies of World War II in future. Kneeling before the Warsaw Ghetto Memorial, Brandt gave the Polish people to understand that his policy did not address the communist government but the Polish population at large, which had suffered so much under German occupation.

After the trade union Solidarity was founded and martial law was imposed in Poland, German-Polish relations improved. Germans showed solidarity sending thousands of care packages to Poland. This gesture reshaped the image of Germany and opened many Poles' hearts to Germans. Many Poles came to Germany in the 1980s,



via scholarships. Many received an education then remained in exile Germany.

Even if Helmut Kohl's hesitation was regarded with some irritation by Poland as well as the Americans and the French, the German-Polish border was unconditionally recognized with the Two-Plus-Four Agreement that was signed in November. The Treaty on Good Neighbourship provided the basis for future partnership. Germany voiced strong support for Poland's and other new democracies' integration into the EU and NATO, pushing against some resistance from other Western countries.

Poland has been a member of NATO for 15 years and is also celebrating ten years of EU membership. Both of these were Poland's foreign policy goals after 1990. To take up this challenge, Poland's domestic politics had to make colossal effort to transform social and economic structures dramatically.

NATO membership has been regarded as crucial due to historic experiences and current developments in Russia. However, in the West, Poland has earned a reputation of being in the grip of a trauma it has never overcome. The developments over recent years – the 2008 war in Georgia and, in particular, Russia's annexation of Crimea

and move in Eastern Ukraine in 2014 – have made Poland's concerns seem more reasonable to the West. Poland's voice on security policy-making in Eastern Europe is appreciated more than ever. The same goes for EU matters, though to begin with, Poland seemed to pose problems for the EU through some public discussions and the Kaczynski government in the years 2005-2007. This changed very quickly. Under Tusk's government Poland has grown into a reliable EU partner in various areas.

Unlike many other countries, Poland has weathered the economic crisis since 2008. The population's support for the EU remains high; even the rural population, once very euro-sceptic, can feel the benefits of EU membership today.

Poland initiated the Eastern Partnership, establishing the EU's Eastern policy. It has been a priority to strengthen the sovereignty of its Eastern neighbours and to boost their democratic and economic development. These goals are now acknowledged by the EU. Less welcome is Poland's goal to offer these countries a path to EU membership. France and Germany especially, but other member countries too, have a very critical attitude, even though Article 49 of the Lisbon Treaty offers the prospect of EU

membership to all European countries.

In 2012 Foreign Minister Sikorski gave a remarkable speech in Berlin, challenging Germany to take more initiative in foreign and security policy issues, and to take up a stronger leadership position at the centre of the EU. At first this claim appeared to fall on deaf ears but at the beginning of 2014 the debate was taken up. During the Munich Security Conference, the German President, Gauck, urged Germany to take more responsibility in foreign policy issues and both Foreign Minister Sikorski and the German Defence Minister, von der Leyen, agreed. Initiatives such as the common agreement of the three foreign ministers of Germany, Poland and France with Ukraine's President Yanukovich followed. Even if German public opinion reacted with restraint, there is hope that German politics is ready to recognize its responsibility through greater initiative and engagement. In this case, Poland's support for Germany in pursuing common strategic decisions and projects will be very important.

Next year marks the 70th anniversary of the end of World War II and the 25th anniversary of Germany's reunification. There will be many occasions for Germany to express thanks to the former Allies for its liberation, to the Western allies for their support during the Cold War and to all of them for accepting German reunification. We should not forget to invite Poland to sit

beside the Allies at all of these celebrations. Poland too played a role in liberating Germany from Nazism; Poles fought together with British in Monte Casino in Italy and during the Normandy landings, as well as with the Soviets in the battle for Berlin.

All over Europe the 70th anniversary should be celebrated in a way to make clear that everybody was liberated from Nazism. But in Eastern Europe there was no freedom afterwards; a new dictatorship followed.

Western Europe was given a new beginning after 1945. Germany and France reconciled and an integration process was initiated that formed new relations through the European community. Only together was it possible to win the future; hostilities and zero-sum games from the past had to be renounced. The Cold War and the Soviet dictatorship cut off Eastern Europe from this development. Through the victory of liberty and democracy in Central Europe in 1989 and the collapse of the Soviet Union, the new democracies could finally join in this process.

Poland and Germany are considered as becoming increasingly reliable and equal partners in building and shaping Europe. This is not a right of nature that should be taken for granted. To maintain such good relations in future, both countries need to show willingness to listen to each other and to take each other's historic experiences and concrete interests seriously.



MARKUS MECKEL

President of the German War Graves Commission. He also served as the first democratically elected Foreign Minister of the German Democratic Republic (1990). Since the 1970s, he was involved in the opposition in the German Democratic Republic and co-founded in 1989 the Social Democratic Party in the GDR. As a member of the German Bundestag (1990-2009), he focused on European politics, security issues and Eastern Partnership. He served as Vice-Spokesman of the Social Democrats for foreign policy.

Recipe for a Miracle

EDWIN BENDYK

Freedom Day (Święto Wolności) – the 25th anniversary of the overthrow of communism in Poland on 4th June 1989 drew numerous distinguished guests to Poland. Among them was Eric Schmidt, executive chairman of Google. Schmidt used this occasion to announce the opening of a Google Campus in Warsaw, a centre to support programmers and the creation of new technology firms. The Warsaw campus will be the third such project, following those in London and Tel Aviv.

To the question, „Why Warsaw and not, for instance, Berlin?” Schmidt observed that Warsaw has everything a company like Google needs – a good polytechnic and university, educated workforce. Google also has a developed network of relationships in Warsaw, having long been present on local market.

In fact, the U. S. Internet giant has offices in Wroclaw and Krakow too. It employs more than 500 people, among them many developers working on the latest products. Many Polish developers also work at other Google centres abroad, including its Mountain View headquarters.

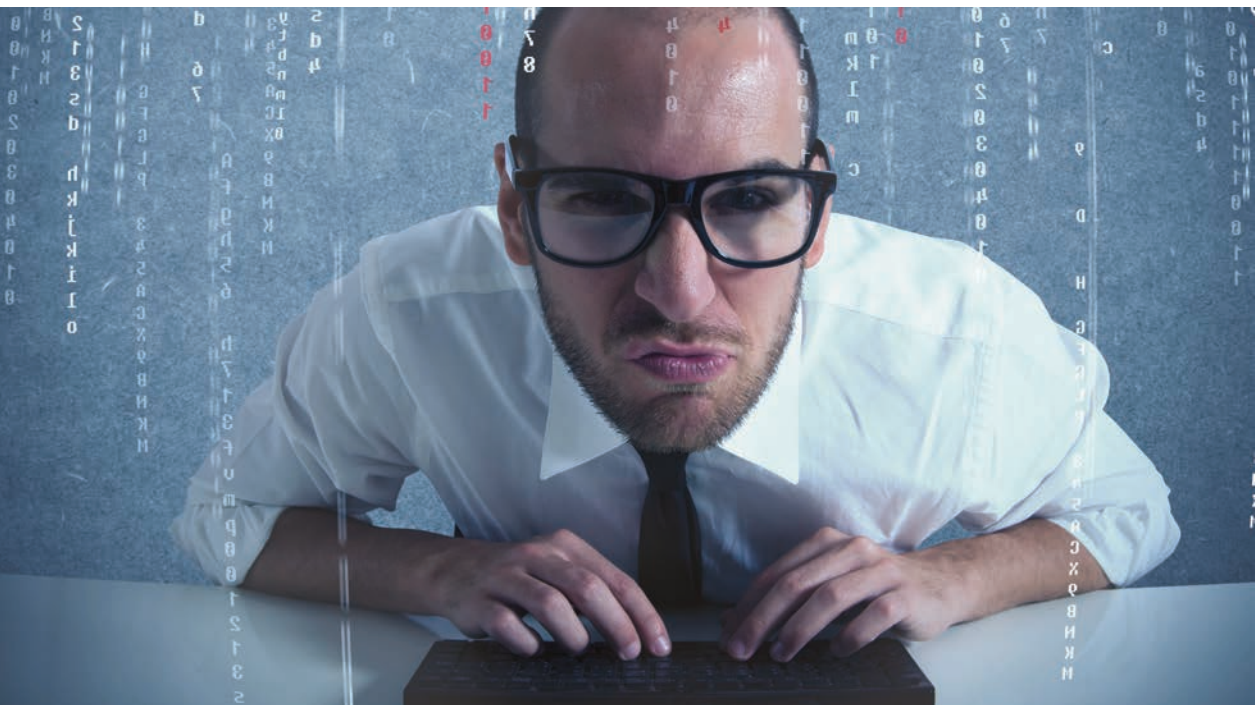
To the Polish technology community, the decision to open the Google campus opens a new chapter in the nation's development – it is the best testament to the fact that the technology sector – particularly information technology – is approaching critical mass. Soon it will not just be

said that Polish computer scientists make great employees; soon they will be compared to the entrepreneurs of Silicon Valley. We already have the first spectacular evidence that the ambitions of young Polish information technologists are firmly grounded in reality.

President Barack Obama, in Poland to celebrate Freedom Day, remarked that Polish friends had given him a copy of the computer game *The Witcher*. Created by Warsaw computer game distributor CD Projekt RED. The company's owners pledged to reinvest the proceeds from games sales in producing a game they had always dreamed of but no producer had ever made.

When they began transforming their dreams into a business project, it quickly became apparent that the Polish market was too small to make their ambitions viable. On the other hand, by setting their sights on conquering the computer gaming world, they knew they were setting the bar extremely high from the very outset – going up against the best and richest of games producers. Thus, this Polish product could in no way be technically inferior to its international competition; it had also to mark itself out as unique in the light of the abundant choice available to the digital entertainment consumers.

This unique element proved to be a story taken from the work of Andrzej Sapkowski, Poland's leading fantasy writer and creator of *The Witcher* saga. Working closely with



talent including Tomasz Baginski, a computer animator nominated for an Oscar for his work on *The Cathedral*, CD Projekt's designers turned this fantastic story into a game that since 2007 has won hundreds of thousands of loyal fans. To date, the game has sold around 2 million copies. Part three is soon to be released, giving President Obama something to keep himself busy on his travels.

The success of *The Witcher* certainly confirms the potential of Polish technology talent, which has already achieved some degree of fame. In 1994, for the first time, a Polish team, consisting of students from the University of Warsaw, entered the ACM International Collegiate Programming Contest, the most prestigious contest of its kind in the world, organized by the Association for Computing Machinery. Since then, the Warsaw University team has reached the finals every year, twice facing down compe-

titution from the best teams fielded by the United States, Russia and China to win.

Similar successes have been achieved in other competitions – the Facebook Hacker Cup, the Google Code Jam, the Microsoft Imagine Cup and TopCoder. Professor Krzysztof Diks of the University of Warsaw, who together with professor Jan Madey coaches the Polish team, is quick to stress that such successes are no accident; rather they are rooted in strong foundations – each year around a hundred Warsaw university computing students are offered internships at the world's top IT companies. Not only does this equip them with experience at centres that are developing cutting edge technology, but it means their earnings are many times the Polish national average.

Such offers would not be forthcoming were these people not of an international standard. And this quality that is far from unique to Warsaw – academic centres in

Krakow, Wroclaw and Poznan maintain similar standards. These colleges illustrate one of the most striking phenomena of the Polish transformation – the boom in education. When communism fell, around 400 thousand young people were studying at Polish universities; in the 21st century, this number has increased fivefold. Not all of those caught up in this rush to study were happy. Critics emphasized that the explosion in student numbers has harmed the quality of education.

Nevertheless, the presence of Polish computer scientists at leading institutions shows that, at least in this case, the criticism is unfounded. It is true that for many years Poland had no place on the computer map of the world; as was the case for other communist countries, the Iron Curtain meant technological as well as political isolation for Poland. But this ban on contact with the wider world did not equate to a ban on thinking. An excellent embodiment of the creativity of Polish scholarship is the late Professor Zdzislaw Pawlak, scientist and mathematician associated with Warsaw Polytechnic. Pawlak developed the rough sets theory, a significant development for IT applications. He was also famed as the creator of the „Pawlak machine”, a new formal description of the calculating machine, which differs from the classical description known as the „Turing machine”.

Another legend of Polish computer thinking was the engineer Jacek Karpinski, a brilliant designer of electronic equipment and creator of the K-202. This first Polish micro-computer, built in the early 1970s, contained many world firsts. Sadly, in communist Poland, with its centrally-planned economy, Karpinski’s idea had no hope of developing and this invention joined history’s catalogue of other wasted opportunities.

Despite the unfavourable political and economic climate, Polish scholars succe-

eded in preserving their intellectual independence, recalling other outstanding traditions, such as the Lvov school of mathematics, which produced Stanislaw Ulam, among others. Ulam’s calculations enabled difficulties in building the American thermonuclear bomb to be overcome. The Polish tradition of cryptography was (and still is) a lively one. The contribution of Polish cryptographers was key to unravelling the mystery of the German World War Two cipher machine, Enigma.

By way of an interesting epilogue to the rather uninteresting communist era, in 1999 a Serb air defence shot down an „invisible” American F-117 aircraft. The radar system used that day was of Czechoslovakian manufacture, but its Rodan brain, a military version of the Odra computer, was produced during the communist era in Wroclaw.

The explosion of freedom in 1989 may have sent shock waves through Polish politics, but the country’s economy was certainly no less affected. The new wave of entrepreneurship inevitably gave an impetus to the development of Polish computer science. The early ‘90s saw the birth of numerous Polish IT firms, Comarch, now one of Poland’s largest companies, being among them. Comarch was founded by Janusz Filipiak, a professor of the Academy of Mining and Metallurgy in Krakow and one of the pioneers of Polish academic entrepreneurship.

Today, building on the potential of the Jagiellonian University, AGH University of Science and Technology and its polytechnic, Krakow has become the most important outsourcing services centre in Europe, employing 40 thousand local residents. Alongside, the IT sector is blossoming, employing a further 20 thousand people. Also growing is a group of people insufficiently challenged even at firms such as Google; these workers are now leaving such jobs to create

their own start-ups. Perhaps the hottest example of this trend is Estimote, a company set up to revolutionize commerce. Of course, no one knows yet if this will happen, but in September 2013 at a prestigious San Francisco conference, Estimote was hailed the best start-up, beating thousands of companies around the world.

More and more Poland companies with global ambitions are emerging; more and more often are the brightest young IT talent and competition winners already mentioned opting to try their luck with start-ups of their own. Andrzej Gąsienica-Samek, a member of the development team that won the 2007 Academic World Championships, has founded Atinea, a provider of advanced IT services with global reach. Codility, a company that pre-selects programmers based on its own tests, was founded by Gregory Jakacki, a brilliant computer scientist and programmer educated at the University of Warsaw.

Perhaps even more than these examples, Rzeszow, capital of the Podkarpacie region, could be a poster child for the rate and scale of change taking place in Poland. Podkarpacie Province is a beautiful but poor part of south-eastern Poland, classified as one of the poorest regions of the European

Union. Young Podkarpacians know education is their ticket to a better life: Rzeszow, a town of 184 thousand residents has 60 thousand students – a European record. The city itself is one of the fastest-developing Polish centres of the high-tech economy.

Rzeszow now forms the heart of „Aviation Valley”, a cluster of more than 100 aerospace firms, producing, among other things, components for the F-35. Asseco, Poland's largest IT company, with 16 thousand employees around the world, has its head office in Rzeszow. Asseco is surrounded by a rapidly-growing cluster of IT companies whose bosses know one thing – the local market is too small to guarantee growth. So these companies work globally, building on the ambitions of young specialists and the quality of higher education offered by locally.

Poland's success – a quarter century of freedom – is often described as a miracle. This is no miracle, however; it is the fruit of hard work underpinned by a passion for knowledge and a scientific tradition of the highest calibre, all of which means Poles are recognized not only as excellent workers, but increasingly as creators of companies and products with global ambitions.



EDWIN BENDYK

A writer and journalist, currently at Polityka. He is interested mostly in topics regarding social transformations. His research is focused on how developments in science and technology impact culture and social life, politics and the economy.

The Polish Rush to Sport

WOJCIECH STASZEWSKI

Today, in the feverish bustle of Poland, or on one of the 2600 „Eagle” sports fields remaining after Euro 2012, it is hard to believe that just ten years ago, for many adults, playing sport would have been a source of shame.

Physical culture came to Poland on a tram in the warm days of summer 2005. Poland was no longer a poor country – 15 years of transformation had borne fruit: Polish GDP had grown enormously; we had already been members of the European Union for a year. We weren't yet a rich country; the modern roads built in the coming years with EU money were nowhere to be seen. Nor were the football stadiums built for Euro 2012, because no one could ever have dreamed that Poland would host such an event.

October Revolution

In those summer days, trams appeared on Warsaw's streets plastered with ads reading „Run Warsaw”. The few of us who were runners at the time were stunned. If we had expected to see such ads anywhere, it was in the low-circulation newsletter Jogging, published since the 1970s and still resembling an underground samizdat publication. Running survived the crisis of the late '90s, but the largest marathons in the country – in Poznan and Warsaw – each still attracted no more than around fifteen hundred runners.

But the organizers of the run – Nike, supported by the city authorities – sensed the winds of history. Or had good market research. Entry fees were low, entrants all got a free yellow running shirt and on 5 October 2005, the streets of Warsaw flowed yellow. Ten thousand ran the five-kilometre distance.

That's when we saw, counted and felt our strength. If I had to point out one landmark day, when running went from being the embarrassing hobby of a handful of enthusiasts to a source of pride – and today even a fashion of a kind – for me it was that day.

In subsequent years the Run Warsaw events brought together many thousands of people. After three years, the city took over the run, re-naming it Biegnij Warszawo (still „Run Warsaw”, but in Polish). The distance was extended to a more demanding ten kilometres. The day of the run, traditionally the first Sunday of October, is no longer the only time you can see runners on the streets of Warsaw. Once, on your Saturday morning training run you might meet two or three fellow runners; today on late-evening mid-week runs, you will come across a dozen or more runners.

The bike's the winner?

Mazovia has a series of cycling events – the Merida Mazovia MTB Marathon. Every week during the season, assorted towns and cities host cyclo-cross competitions or road

races. Back in 2005, around 300 people started every race; now that figure is over a thousand.

According to sociological research, cycling is Poles' favourite form of physical exercise. When sociologists ask, „What sports have you practiced over the last year?“ (CBOS, 2013) 51 per cent of Poles answer „cycling“. In second place is swimming, at 28 per cent, with running in third, at 18 per cent. Next come hiking, soccer, volleyball and aerobics—all with over ten per cent.

Some commentators conclude from this that Poland is divided into two halves—the active and the passive. But that just shows how little we in Poland understand what physical activity is. Most likely, many of those respondents who said they cycle went for a few bike rides with their kids in the year. That has nothing to do with regular bike riding—any more than a single family outing to the swimming pool is comparable to regular training at the pool.

Other albeit older studies say something different about Polish activeness (OBOP 2003). When asked „do you practice

any physical activity?“ 20 per cent answered „yes“ (meaning regularly or fairly often); 20 per cent answered „rarely“, while 60 per cent answered „not at all“. From this emerges a picture of Polish activity in 2003: 20 per cent of Poles do some form of regular physical activity, the rest, occasionally at best.

Similar studies had been conducted by OBOP six years earlier. Then 15 per cent were active, and 85 per cent inactive. So the year-on-year trend is positive—Poles are becoming more physically active. By now the figure for the active has probably reached 30 to 40 per cent.

Polish goal

Donald Tusk is famed as the first Polish prime minister to train regularly. In fact, he is not a bad runner: on 4 June this year, he took part in the Freedom Race organized by Polish Olympic champion Robert Korzeniowski with a 6 am start. Tusk ran the 11 kilometres at the respectable pace of 5:15 min/ km.



The prime minister's greatest sporting love is football. His commitment at soccer training has even been the subject of cabaret sketches. But the effects are real. When Poland and Ukraine were jointly awarded the right to host the 2012 UEFA European Championship- Euro 2012 – the government adopted the Orlik 2012 programme (Eagle 2012). In four years, 2,600 modern public playing fields were built, financed one-third by local authorities, with the remaining two-thirds coming from the central government purse.

Usually next to the artificial turf football field is court for playing volleyball, basketball or handball and sometimes tennis. The 'Eagles' have attracted young people to sport. This is important because youngsters have a tendency to avoid exercise like the plague. It is here the divide in Poland between the active and the passive really becomes apparent. Children like exercise when they come from families where the parents play sports and are role models for an active lifestyle. Children from families where sitting in front of the television is the main pastime, happily sit at a computer, gain weight, become less and less fit and more and more reluctant to exercise.

Where are the kids?

Systematic research by the Warsaw Academy of Physical Education shows that the average Polish child is less and less fit. In 1989, a seven-year-old boy doing the long jump could manage a distance of 119 cm; today that boy can jump 109cm. A seven-year-old girl ran 600 metres in three minutes and 16 seconds; now she needs three minutes and 59 seconds. A seven-year-old boy could hang from a bar for 17 seconds; today only seven seconds. And this even though today's children are better-fed and should be stronger.

In communist Poland, sport was a fronton which to prove socialism's superiority of over capitalism. Hence the emphasis on competitive sport. At the Olympics Poles always placed high in the medal standings. Care was also taken to develop a foundation for competitive sport; youth training was widespread and well-financed. Young people going away to sports camps, for instance, went free.

But this did not translate into adults practising sport. Far from it, in fact. For adults „getting caught” doing any kind of physical activity was cause for shame. The few runners of the time had to contend with ridicule from beer-drinking bystanders.

On the other hand, running was a sensation of sorts. In 1979, television journalist Tomasz Hopfer coined the slogan „Run with us” and led to the first open marathon being organized in Warsaw. The authorities would agree to the run only if it were named the Peace Marathon. The history of this event is the history of Polish sport in a nutshell.

Poland Runs

The 2nd Peace Marathon in 1980 was completed by 2,289 people. No one would have thought that Polish record would stand for more than a quarter century. In the last year of communism, 1,600 people ran, this figure falling to just 300 in 2002. A few years later running boomed in Poland and that 1980 record was finally broken, with 2,600 people finishing the race. Last year's event saw a new record set, with 8,500 people taking part.

That is still far fewer than run in Berlin, Paris, London or New York (more than 30 thousand). But it is more, for example, than 10 years ago in Vienna. Polish running is catching up with the rest of the world.

Ten years ago in Poland, you could still sign up the morning of the race even for the biggest marathons. When Internet registra-

tion was introduced, the numbers were still so small that the organizers accepted last-minute entrants.

Five years ago though, at the Run Around the Zoo – where, due to the narrow paths between the animal enclosures, the number of runners was restricted – something happened that took all of the runners by surprise: the race was oversubscribed and people had to be turned away. Today this is the norm. For the popular races where the route limits numbers – such as the Tatra Mountain Run, the Butcher's Run or the Run Around the Zoo – the available places are gone in minutes.

This boom in running has been boosted by the „Poland Runs” campaign run by Gazeta Wyborcza, the largest of Poland's opinion-forming newspapers. Every year now the May Day weekend sees hundreds of generally small local runs taking place all over Poland, with over one hundred thousand runners taking part overall – typically novices.

In the spring of this year „Poland Runs” began a „National Runners Register”. In two weeks, 27,000 people signed up – without any doubt more than everyone running in Poland 20 years ago.

The best investment

The rush to sport can be seen too in the growing number of fitness clubs. Twenty years ago, in the whole of Warsaw there were a dozen or so; now there are dozens in

every district of the city. The extraordinary popularity of fitness centres in Poland, even by global standards, has its basis in economics. It was easier to invest in a hall furnished with mirrors, mats and staffed by an instructor than in expensive gym equipment. Now the number of gyms is growing too, especially since the big global networks arrived in Poland.

Year by year, Polish society is growing richer. The consumerism of young capitalism certainly hasn't helped Poles get more involved in exercise. Now, though, when so many of us already have already bought our big-screen TVs and computer, renovated our flats and got ourselves a nice car, we are more willing to fork out for gym or fitness club membership.

It is not by chance that one of the biggest running events in Poland is the now three-year-old Krynica Running Festival. The festival is timed to coincide with the Krynica Economic Forum, which has brought together the economic and political elites of Central and Eastern Europe annually since 1991. Sports and recreation are becoming an important area of social life that is worth investing in – worth it for the gym owners, the run organizers – and the interested parties themselves, who are increasingly willing to invest their money, time and effort in return for better health and better shape.

And, what's most important, every year, there are more and more of us.



WOJCIECH STASZEWSKI

For 25 years, a journalist, currently with Newsweek Polska. Co-founder of the campaign Polska Biega, encouraging Poles to take up running. An amateur runner that run 50 marathons. He writes a popular blog about sport.

Polish Theatre in Europe – Finding Its Own Way to International Success

JOANNA TARGOŃ

„Ladies and gentlemen, on 4 June '89 communism in Poland came to an end.” This sentence, spoken on television by actress Joanna Szczepkowska, is one of the best-remembered events associated with the political transformation. Szczepkowska had been invited onto the news to talk about art, not politics but saw her chance to say something important and optimistic to her fellow Poles. The fourth of June 1989 saw the first partially free elections, not just in post-war Poland but across the entire „Eastern bloc”. These elections signalled a victory for forces that had only recently been in opposition. But it was only a few months later that Szczepkowska gave a short performance, on 28 October that year. The transformation of Polish theatre also began a little late.

The early '90s were an attempt at turning Polish theatre capitalist. These efforts were embodied by the grand privately-financed production of the 1991 musical *Metro*. Józefowicz and Stokłosy's musical told the story of a group of young people hungry for artistic success who put on a show in the subway (though the Warsaw metro was yet to open).

The same year saw the premiere of *Tamara*, a show whose main attraction was a classy dinner paid for within the high ticket price. But such shows did not become the specialty of Polish theatre (though *Metro* is still performed today in spite of the wide theatrical repertoire available). Polish theatre's specialty always was artistic

shows that engage the audience in a serious dialogue. And that is still so.

The political breakthrough of 1989 was not mirrored by an immediate breakthrough in the arts, in spite of high expectations that the arts would respond to, recognize and process the new reality, perhaps in some hitherto unseen way. In 1990 censorship was lifted, giving new impetus to artistic freedom. But art is governed by other laws than social life. A new aesthetic and new themes had not yet emerged nor had new blood yet flowed into the theatre (though there was by no means a shortage of outstanding performances). The first half of the '90s belonged to directors who had long set the tone of Polish theatre: Jerzy Jarocki,

Jerzy Grzegorzewski and Krystian Lupa.

In 1992 at Paris's Odéon-Théâtre de l'Europe, as part of a presentation of Polish theatre, it was in fact Jarocki's *The Wedding* and Jerzy Grzegorzewski's *Powolne ciemnienie malowidel* (based on Lowry's *Under the Volcano*) that were shown, along with Andrzej Wajda's *The Wedding Party*. In the '70s, Wajda's production of Dostoyevsky's *The Possessed* from Krakow's Old Theatre took the European stage by storm. In response to performances at London's World Theatre Season (1972 and 1973), Britain's most prominent critics described this production „an epochal event” and „a staggering production”. *The Possessed* toured Europe, and Wajda's later Dostoyevsky productions (*Nastasya Filipovna* and *Crime and Punishment*) the whole world.

In turn, Jerzy Jarocki worked on numerous occasions in the theatres of Germany, Switzerland, Russia and Yugoslavia, staging Chekhov and Gombrowicz. In '60s Germany, Konrad Swinarski achieved success – winning most praise for his two shows at the West Berlin's Schiller Theatre in 1964 – *The Bug* and the world premiere of *Marat/Sade* by Peter Weiss (which won the critics' prize for best show of the season in Germany). Nor may we forget about the huge and lasting influence on today's contemporary theatre of Jerzy Grotowski or Tadeusz Kantor. Kantor's shows provided a shocking contrast from theatrical routine; his work influenced such eminent directors as Luk Perceval, Rodrigo Garcia, Pippo Delbono and Emma Dante.

In the late 1990s, new directorial blood flowed into Polish theatre. On 18 January 1997, Warsaw saw two premieres take place: Sophocles' *Electra* and Witkacy's *Tropical Madness*. The former, staged at the Dramatic Theatre (Teatr Dramatyczny), was directed by Warlikowski; the latter, at the Variety Theatre (Teatrze Rozmaitości) by

Grzegorz Jarzyna. Warlikowski had worked in theatre for four years; for Jarzyna, still a student, this was his debut. Both directors having been to theatrical school in Krakow and studied under the tutelage of Krystian Lupa, talk arose of a „Krakowian invasion”.

The double Warsaw debut of Jarzyna and Warlikowski polarized the critics – and most importantly – the audience. Their performances attracted a new, younger audience, less at ease with the productions of older artists and seeking new experiences, a new aesthetic and exploration of the new reality. Soon Jarzyna would be offered the position of director of the Variety Theatre; he in turn would invite Warlikowski to join him. But before that, both men would put on shows at the Dramatic Theatre that would present new themes even more powerfully than their Warsaw debuts: Warlikowski's *The Taming of the Shrew* tapped into the brutality associated with the social role of gender, while Jarzyna's *Unidentified Human Remains* painted a picture of youthful contemporary urban society.

Released from its obligation to engage in politics, Polish theatre turned to existential questions, but in such a way to arouse as much enthusiasm as resistance, provoked by its brutal exposure of human relations, moral preoccupations, reaching-out to pop culture, use of new media, deliberate narrative inconsistencies and (in the view of some) exhibitionist acting.

It was precisely the shows of Jarzyna and Warlikowski that caught the eye of the management of the Avignon festival. In 1998, at the festival's instigation, the THEOREM program was created. The program aimed to promote, invite and co-produce performances by directors from Eastern Europe. In 2000, in Avignon Jarzyna showed Gombrowicz's *Ivona, Princess of Burgundy* and Dostoevsky's *Prince Myshkin*. Bernard Favre d'Arcier, director of the festival said,

„I think that until now French critics have had a false picture of theatre from the East. They had expected rather heavy theatre – a little „dusty“. But what they saw was something light, strong and subtle. They were very pleasantly surprised by Polish theatre.”

Two years earlier, in December 1998, the great sensation of the Festival d'Automne at the Odéon theatre had been Krystian Lupa's *The Sleepwalkers*, an hours-long two-part adaptation of the tale by Hermann Broch. Showing their works alongside Lupa were such outstanding artists as Peter Sellers, Luc Bond and Klaus Michael Gruber. Actor Jean-Pierre Léonardini writing in *Humanite* commented:

„The masterful direction of Lupa hits on something that we here have not yet explored: the protracted creative process, the profound philosophy of the theatre, an ensemble of actors who, as a guild, join forces in combined action [...] It is not every day that Paris gets the chance to meet a dramatic proposition so expressive that it makes you jump out of your skin with joy. More please of this Europe with such an aura, of the greatest tonal range.” The performance received French theatre criticism's award for best foreign production of the 1998/99 season. *The Sleepwalkers* played eleven more times, each time to a packed house.

Following the success of *The Sleepwalkers* came an invitation for further performances, this time of *The Brothers Karamazov*, as played in Krakow in 1990-92. Odeon director Georges Lavaudant had seen it back then and now asked for a new production. Mathilde La Bardonnette wrote, „after this seven-hour performance we walk out telling ourselves how good it would be, for instance, if Lupa were to be invited to contaminate the stage and gilded boxes of the Comédie Française”.

Lupa became a regular guest at the Paris festival; virtually all of his performances were shown in France; his Parisian succes-

ses paved the way to festivals across Europe. In 2009, Lupa was awarded the European Theatre Prize, known as the „Oscars of the theatre”. Georges Banu wrote in praise of Lupa, „[he] is a reference point. Lupa's theatre bears its own peculiar beauty of the cultural tradition of central Europe, to which it refers, and which it extols, building from it a vision of the world. [...] A refined adventure, a dangerous expedition, journey into the unknown.”

Just as the Festival d'Automne had for Lupa, so the Festival d'Avignon became a springboard for young Polish directors to launch their European careers. This was especially true for Krzysztof Warlikowski, who in the summer capital of the theatre made his debut a year after Jarzyna, with *Hamlet*, a show that had already caused a stir in Poland, mainly for moral reasons (sexuality was an important theme in the play, and in one scene the prince appeared naked) but also because it ostentatiously cut itself off from politics. This abandonment of politics was in fact itself a political statement. Warlikowski made it clear that there should be privacy in the public sphere. In Avignon „*Hamlet*” was very well received, but a year later his staging of Sarah Kane's *Cleansed* made Warlikowski a star. „Wonderful: his ability to present with the use of metaphor, extensively described violence, homosexuality, and intense, masterful, theatrical sex,” wrote Frederic Ferney in *Le Figaro*.

Every new Warlikowski production is shown at Avignon, the festival also being co-producer. It is from Avignon that Warlikowski's group usually begins its tours. But they do not end there; he has staged his productions around the world – from Seoul to Buenos Aires – and from Moscow to New York, in both of which cities he has won awards: an OBIE in New York in 2008 for *Krum* and a Meyerhold in Moscow in 2006.

G rard Mortier, director of the Paris Opera from 2004 to 2009, after seeing Krum and the opera *Wozzeck* at Warsaw's Grand Theatre, invited Warlikowski to work with him. Mortier's goal at was to reinvigorate opera, to enter into a dialogue with the audience, to provoke them into seeing opera as vital contemporary theatre, not just an aesthetic museum accompanied by beautiful music. Under Mortier's leadership unrest was sown in the conservative world of opera by directors including Michael Haneke, Christoph Marthaler and Krzysztof Warlikowski – who staged several productions in Paris over this period: Gluck's *Iphigenia at Tauris* (2006); Janacek's *The Makropulos Affair* (2007), *Parsifal* by Wagner (2008) and *King Roger* by Szymanowski (2009). The emotional responses to the director's work proved that Mortier had achieved his goal; meanwhile, Warlikowski received offers of cooperation from Brussels, Madrid and Munich.

Unlike Warlikowski, Grzegorz Jarzyna did not become a regular at the Festival d'Avignon, though he did have good start there; *The Celebration*, a dark family history (adapted from a screenplay by Vinterberg and Rukov), was warmly received („The palm for Poland!" – it was written). Though there is no denying that at the same festival, Jarzyna's production was eclipsed by the Warlikowski's *Cleansed*, *The Celebration* was invited to London, Dublin, Jerusalem, and later to New York.

Beyond his native stage at the Variety Theatre in Warsaw, where he is director, Jarzyna works mainly in German-speaking theatre. In 2002 he directed Sarah Kane's *4.48 Psychosis* in D sseldorf, a year later Brecht's *In the jungle of Cities* at Berlin's Schaub hne theatre, in 2006 at Vienna's Burghtheater *Medea*. A project (winner of the Nestroy Prize). A year later on that same stage he directed an updated version of *The Lion in Winter* by James Goldman. Sub-

sequently 2009 saw his Variety Theatre and Berlin's Schaub hne co-produce the world premiere of Dorota Masłowska's *All is Right Between Us*. Jarzyna's directorial repertoire spans operas too, including Maurice Ravel's *The Child and the Spells* and Alexander Zemlinsky's *The Armchair* at the Bayerische Staatsoper in Munich (2011).

Functioning in a somewhat different circle are theatres that broadly speaking continue the creative quest of Jerzy Grotowski: the Gardzienice group was founded near Lublin in 1977 by Vladimir Staniewski; in Wroclaw, Grzegorz Bral and Anna Zubrzycki opened *The Song of the Goat Theatre* in 1996. These theatre groups win plaudits not only for their ecstatic, music-filled performances, which draw on European theatrical traditions, but also for their research into the sources of theatre and music, their actors' training, which opens new horizons, and for attracting practitioners from around the world. Performances of the Gardzienice group can be seen abroad more often than in Poland (in 2005 alone the group performed at the Barbican Centre in London, La MaMa in New York and the Meyerhold Centre in Moscow). Following a nine-day run in London, Michael Billington of *The Guardian* wrote: „Polish energy illuminates this Greek classic, and the physical skill of the actors reaches the heights of Chinese acrobatics. Now I understand why Staniewski has had such a big influence on the younger generation of British directors."

In a Europe without borders, at a time of easy travel and fast-flowing information, Polish theatre is no longer a newly-discovered land, as it was in the 1990s. Artists discovered back then have found a home in Europe, joined the festival circuit and found work in the theatres of Europe, their productions born out of international projects and co-productions – which has meant performances at the institutions that contri-

buted to those productions. Krakow's Divine Comedy festival has for several years been a place to discover hot new names – a Polish showcase attracting theatre directors and scouts from international festivals. The younger generation of directors gains from this; unexpected invitations are not unknown. A few years ago, thanks to the Divine Comedy, the student production *Versus* by Radoslaw Rychcik went to a major New York City festival, having been play-

ed in Krakow's offbeat New Theatre. A higher profile means more offers of work; Krystian Lupa is not alone in directing in Germany – he is accompanied by John Klata (in Düsseldorf; three times in Bochum, in Dresden and in Graz), recently by Maja Kleczewska (Hamburg), Michal Zadara (Vienna), Barbara Wysocka (Munich), Michael Borczuch (Düsseldorf) and Krzysztof Garbaczewski (Stuttgart). Will they make waves like their older colleagues did?



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'A Neighbour to the North': How I See the Neighbour behind Our Northern Border

MAGDA VÁŠÁRYOVÁ

If we all had a chance to fly regularly between Warsaw and Bratislava, more of us could experience this incredible moment: the mountains rising slowly above the Polish plains behind Krakow's towers. Then, suddenly, from nowhere, rock wall tower up in front of you. The High Tatras.

Seen from the Polish side the High Tatras seem incredibly high, unattainable, impassable. The view from the Slovak side could not be more different. Less foreboding, saddles and mountain passes are clearly visible.

But history shows us that this high stone border has never kept Slovaks and Poles apart. The Forests of the Tatras and their secret paths witnessed robbers' escapes, passages for Polish rebels or heavy Tatras' backpacks, weighed down with books banned by totalitarian regimes. These tracks beaten out by thousands of feet prove to us that no border, natural or artificial, is so impassable as to stop Slovaks and Poles from helping each other.

Asked once by the Russian Foreign Minister, „Why does Poland want Slovakia in NATO so much too?” Wladislaw Bartoszewski

jokingly replied, „Because NATO needs impassable, well-patrolled borders and even Hitler failed to secure that in the High Tatras.” „Even Hitler?” asked the Russian, shaking his head in disbelief. „Even Hitler!” said Bartoszewski; „You cannot separate Slovaks and Poles!” That's why we meet every day, every time and we are especially happy to meet at the Economic Forum in Krynica.

The forty years of Soviet policy were not only characterized by its attempts to bleed our financial and economic resources dry; Soviet policy strived to stop us talking directly to each other and took its toll on relations between us. In 1989 there was still no electric railway connecting Slovakia and Poland; even today we have not yet managed to build the bridges over the Poprad River.

Incidentally, the connection between our two, geographically different countries, could well be compared to the fate of two rivers: the Dunajec and Poprad carry crystal clear Slovak mountain waters down to the Vistula River and on to the flat Polish plains. These rivers link Slovakia to the Baltic Sea; they flood quickly and unexpectedly, leaving behind the High Tatras a changed landscape.



pe. But these rivers also bring to the peaceful landscape of Poland the Slovak energy, weaned on those racing mountain streams.

We still lack a quality network of highways and the state roads with modern border crossings. But at least the border guards are not so grumpy any more. This lack of good roads frustrates any thought of holding shared cultural or sporting events – at least at reasonable expense. Eternal squabbling over the opportunity to co-host the Winter Olympics got under everyone's skin. At the same time, though, it is evidence that we share an interdependence in such projects.

Krakov's withdrawal of its Winter Olympics bid, after years of preparation, put smiles on faces both sides of the border – chiefly on the faces of the Greens. But it proved once again that we are not ambitious enough and projects are not adequately and jointly communicated within both countries. Let's not dwell here on the empty debates over

tunnelling under the High Tatras – a tunnel that, if built, could solve many of our communication problems at once. Such a tunnel remains a virtual pipe dream – the preserve of online debate among fans of the idea only. The sanctity of the High Tatras is age-old, preserved by the unpredictable weather and disturbed only by Polish tourists carelessly wandering over to the Slovak side.

Today, we are missing oil and gas connections in particular. This bottleneck not only stops us trading energy but prevents important cooperation or even knowledge-sharing in the energy sector. This is partially determined by – and manifested in – the snail's pace of diversification of oil and gas resources in Central Europe. It seems that we are waiting with resignation for a repeat of 2009, and for Gazprom – on which Central Europe greatly depends – to again exploit a harsh winter and turn the gas off. We fatalistically let ourselves be blackmailed by

suppliers and their prices.

We allow Moscow to weaken our economic progress by sowing uncertainty as they once did in other parts of Europe. It took quite some time for us to realize that the gas and oil pipelines, Jamal and Brotherhood, are not simply pipes crossing our territory; they are modern weapons with which our big Slavonic brother can exert new forms of pressure and create new spheres of influence at no cost. This brother has always demanded more patriarchal obedience than brotherly love. Slovakia experienced this brother's „help” once already – in 1968. If we wait too long to remove these bottlenecks, we harm our ability to help each other with energy supplies; by delaying, we also postpone closer cooperation and policy coordination – not only in such a strategically important area as energy policy.

Our joint membership in NATO and the EU is the fruit of excellent cooperation between the governments on both sides. Slovakia's lagging behind in the '90s, due to Vladimir Mečiar's undemocratic ruling government, worried Poles most. Without Polish determination and energy, the second NATO expansion would have looked different – or may not have happened at all.

During the 1990s, regional cooperation within the V4 proved crucial. Slovakia discovered how important it is to have good neighbours ready to help in hard times. The fate of Central Europe – this sorely tried and unpredictable region – would look very different without such regional cooperation.

It is particularly striking that the events in Ukraine are straining cooperation within V4. Poland remains alone since the presentation and creation of the EU Eastern Partnership project. The Poles have had to rely on cooperation with Sweden, because the other three V4 countries have been too afraid to stand up to Vladimir Putin's policies. Thus we will face the need to revise our at-

titudes, as not only for Slovakia, but for the Czech Republic and Hungary too, keeping Poland in the V4 group is crucial.

We do understand and observe with appreciation Poland's efforts to develop a close partnership with Germany and France, and to become one of the engines of the EU. However, at the same time, Poland has occasionally been a catalyst of strained relations between Slovakia and Hungary, as has Slovakia vis-a-vis Poland and the Czech Republic. We need each other and it is therefore in our common interest to talk about all the problems and affairs that divide us. Today, this problem is mostly the situation across our eastern border.

Unfortunately, there are bottlenecks between us in other areas. One fatal date stands out in our cultural contacts – the year 1980 and the declaration of Martial law in Poland. Until that time, intensive cultural exchange took place across our shared borders; mutual visits to each other's universities, Polish books in Slovakia and Slovak ones in the libraries of Krakow professors, family visits. With one command, President Jaruzelski swept all of this away. Slovak people could not cross the Polish border freely for several years, although even before a special permission was needed. Slovak professors lost their jobs at Polish universities, translators ceased to translate Slovak books, even though Slovaks made an effort to keep pace with Polish literature and they had been reading Polish dissident publications more often. In Slovakia, a generation that no longer understands Polish has grown up. What is crucial, this generation does not read Polish newspapers or books. Even twenty five years of freedom was insufficient to make up this shortfall; it is simply too large, and our governments have not allocated enough funds to eliminate this glaring cultural deficit.

That is why even today, there is not a sin-

gle modern political science book devoted to Polish–Slovak relations. Nationalist historians on both sides still take academic liberties with these disputed events. Students have returned to schools and universities but students know more about American music than Polish music, unlike my generation. We cannot foresee how this inability to fill the cultural gaps in our communication will leave its mark on Polish–Slovak relations. But we can say that Slovakian civilization has suffered a great loss now only Czech culture has remained a cultural partner for us.

Let me cite a passage from my book: „Relations between Slovakia and Poland could be drawn as a sinusoid. For a while we do not know each other, for a while we need each other, for a while we use each other and for a while we exploit each other. Back and forth, back and forth, from time to time at the lowest level.”

Thus, what do we agree on and what do we not? It is said that Poles and Slovaks are linguistically closest. While Poles find the Czech language somewhat ridiculous, they find Slovak noble and archaic – exactly like the Polish language to Slovaks. Even so, we have to watch out; the same words and phrases – literally as well as metaphorically said – sound similarly but mean something completely different or even opposite. I give numerous examples in my book on Polish–Slovak relations – *A Midnight Neighbour*. However, a common destiny – mainly in 20th and 21st century – has brought us unprecedentedly together. This is the capital we have to build on and not to turn our back on – whether just for the sake of short-term would-be profit from „Moscow” or from „Brussels”. Such a short-term policy contributes nothing to today or tomorrow. Still, that great rock wall, the Tatra Mountains does not mind this at all.



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Foundation Institute for Eastern Studies based in Warsaw is the main organizer of the Economic Forum held annually in Krynica/Poland for the last 24 years. It has become a major economic event in Central Eastern Europe. Each year this prestigious event is attended by high-level representatives from business, politics, academia and NGOs. The event has a long tradition of bringing together leaders from Central and Eastern Europe, Asia, America and Western Europe. Institute for Eastern Studies organizes other annual Forums in various European cities: the Europe-Russia Forum, the Europe-Ukraine Forum, the Energy Forum.

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