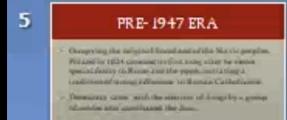
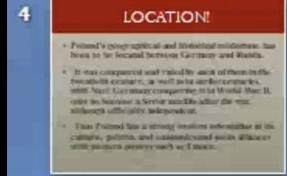




Slides

Outline

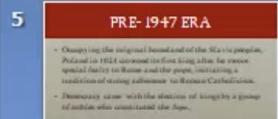
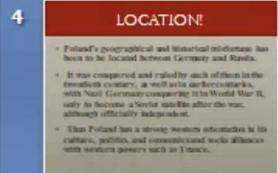


Click to add notes



Slides

Outline



Click to add notes



Slides

Outline



1



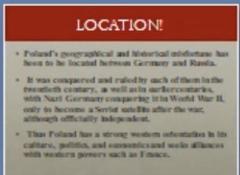
2



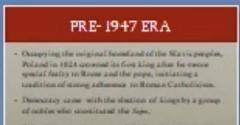
3



4



5



Click to add notes



4

LOCATION!

- Poland's geographical and historical misfortune has been to be located between Germany and Russia.
- It was conquered and ruled by each of them in the twentieth century, as well as in earlier centuries, with Nazi Germany conquering it in World War II, only to become a Soviet satellite after the war, although officially independent.
- Thus Poland has a strong western orientation in its culture, politics, and economics and seeks alliances with western powers such as France.

5

PRE-1947 ERA

- Occupying the original homeland of the Slavic peoples, Poland in 1921 received its first long-term foreign policy alliance with France and the USSR, initiating a tradition of strong alliance with Russia/Czarist.
- Democracy came with the election of Józef Piłsudski as president who constitutionalized the state.
- Poland was a major center of the Enlightenment, with a tradition of freedom of the press, arts, literature, and economic growth during the 1700s. The Thirty Years' War in the early 1600s initiated a long sequence of political division.

6

PRE-1947 ERA

- During the 1700s, the Polish military deserved well as a model for the partition of Poland by its three absolute neighbors Russia, Prussia, and Austria, culminating in 1795, when Poland ceased to exist as an independent nation.
- Poland's desire for independence surfaced repeatedly in revolutionary upsurges in 1830, 1846, 1848, 1863, and 1905.

7

PILSUDSKI'S RULE

- Polish independence was won militarily against the Germans and the post-1917 Soviets when Marshall Józef Piłsudski, Poland's military leader and first head of state, defeated the Soviet siege of Warsaw in 1920.
- The interwar government, including Piłsudski's initial government, faced hyperinflation related to large budget deficits, a situation that also affected Poland's neighbors.

8

PILSUDSKI'S RULE

- The economic situation led Piłsudski to carry out a coup in 1926, and he ruled as dictator until his death in 1935, when he was succeeded by a group of army colonels.
- The economic policies of Piłsudski and his

Home

Insert

Design

Animations

Slide Show

Review

View

Acrobat

Slides

Outline

X

LOCATION!

- **Poland's geographical and historical misfortune has been to be located between Germany and Russia.**
- **It was conquered and ruled by each of them in the twentieth century, as well as in earlier centuries, with Nazi Germany conquering it in World War II, only to become a Soviet satellite after the war, although officially independent.**
- **Thus Poland has a strong western orientation in its culture, politics, and economics and seeks alliances with western powers such as France.**

Click to add notes



Slides

Outline

4

LOCATION!

- Poland's geographical and historical relatives has been to be located between Germany and Russia.
- It was conquered and ruled by each of them in the 19th century, as well as its surrounder, until Nazi Germany invaded Poland in World War II, only to become a Soviet satellite after the war, although officially independent.
- Thus Poland has a strong Western orientation in its culture, politics, and economics and seeks alliance with Western powers such as France.

5

PRE- 1947 ERA

- Occupying the original homeland of the Slavic peoples, Poland in 1024 crowned its first king after he swore special fealty to Rome and the pope, initiating a tradition of strong adherence to Roman Catholicism.
- Democracy came with the election of Kings by a group of nobles who constituted the *Sejm*.
- Poland was a major center of the Renaissance, experiencing a flowering of science, art, literature, and economic growth during the 1500s. The Thirty Years' War (1618-1648) initiated a long economic and political decline.

6

PRE-1947 ERA

- During the 1700s, the Polish military deserved well as a result the partition of Poland by its three absolute neighbors Russia, Prussia, and Austria, culminating in 1795, when Poland ceased to exist as an independent nation.
- Poland's desire for independence surfaced repeatedly in revolutionary uprisings in 1830, 1846, 1848, 1863, and 1905.

7

PILSUDSKI'S RULE

- Polish independence was won militarily against the Germans and the post-1917 Soviets when Marshal Józef Piłsudski, Poland's military leader and first head of state, defeated the Soviet siege of Warsaw in 1920.
- The interwar government, including Piłsudski's military government, had hyperinflation related to their war deficit, a situation that also affected Poland's neighbors.

8

PILSUDSKI'S RULE

- The economic situation led Piłsudski to carry out a coup in 1926, and he ruled as dictator until his death in 1935, when he was succeeded by a group of army colonels.
- The economic policies of Piłsudski and his

PRE- 1947 ERA

- Occupying the original homeland of the Slavic peoples, Poland in 1024 crowned its first king after he swore special fealty to Rome and the pope, initiating a tradition of strong adherence to Roman Catholicism.
- Democracy came with the election of kings by a group of nobles who constituted the *Sejm*.
- Poland was a major center of the Renaissance, experiencing a flowering of science, art, literature, and economic growth during the 1500s. The Thirty Years' War in the early 1600s initiated a long economic and political decline.

Click to add notes



Slides

Outline



4

LOCATION!

- Poland's geographical and historical inheritance has been to be located between Germany and Russia.
- It was conquered and ruled by each of them in the 1700s military, as well as its successor states, until Nazi Germany invaded Poland in World War II, only to become a Soviet satellite after the war, although officially independent.
- The Poland has a strong western orientation in its culture, politics and economics and seeks alliance with western powers such as France.

5

PRE-1947 ERA

- Occupying the original homeland of the Slavic peoples, Poland in 1614 coronated its first king after the zweig royal family in Russia and the Pope, initiating a tradition of strong adherence to Roman Catholicism.
- Democracy came with the election of King by a group of nobles who constituted the Sejm.
- Poland was a major center of the Enlightenment, science, philosophy, arts, literature, and economic growth during the 1700s. The Thirty Years' War in nearby 1618 initiated a long sequence of political division.

6

PRE-1947 ERA

- During the 1700s, the Polish military decayed and as a result the partition of Poland by its three absolutist neighbours Russia, Prussia, and Austria, culminated in 1795, when Poland ceased to exist as an independent nation.
- Poland's desire for independence surfaced repeatedly in revolutionary upheavals in 1830, 1846, 1848, 1863, and 1905.

7

PILSUDSKI'S RULE

- Polish independence was won militarily against the Germans and the post-1917 Soviets when Marshall Józef Piłsudski, Poland's military leader and first head of state, defeated the Soviet state of Warsaw in 1920.
- The Polish military government, including Piłsudski's initial government, faced hyperinflation related to large budget deficits, a situation that also affected Poland's neighbors.

8

PILSUDSKI'S RULE

- The economic situation led Piłsudski to carry out a coup in 1926, and he ruled as dictator until his death in 1935, when he was succeeded by a group of army colonels.
- The economic policies of Piłsudski and his

PRE-1947 ERA

- During the 1700s, the Polish military decayed and as a result the partition of Poland by its three absolutist neighbours Russia, Prussia, and Austria, culminated in 1795, when Poland ceased to exist as an independent nation.
- Poland's desire for independence surfaced repeatedly in revolutionary upheavals in 1830, 1846, 1848, 1863, and 1905.

Click to add notes



Slides

Outline

**LOCATION!**

- Poland's geographical and historical inheritance has been to be located between Germany and Russia.
- It was conquered and ruled by each of them in the first half century, as well as its successors, until Nazi Germany invaded in 1939, starting World War II, only to become a Soviet satellite after the war, although officially independent.
- The Poland has a strong western orientation in its culture, politics, and economics and allies with Western powers such as France.

PRE-1947 ERA

- Occupying the original homeland of the Slavic people, Poland in 1921 recovered from being taken by Soviet forces in Russia and the Poles, initiating a tradition of strong adherence to Roman Catholicism.
- Democracy came with the election of Piłsudski a group of nobles who constituted the Sejm.
- Poland was a major center of Polish Renaissance, Baroque, and Classical culture, art, literature, and economic growth during the 1700s. The "Thinity Years" Was in theory 1600s initiated a long economic and political decline.

PRE-1947 ERA

- During the 1700s, the Polish military deserved not as a result the partition of Poland by its three absolute neighbors Russia, Prussia, and Austria, culminating in 1795, when Poland ceased to exist as an independent nation.
- Poland's desire for independence surfaced repeatedly in revolutionary upsurges in 1830, 1846, 1848, 1863, and 1905.

PILSUDSKI'S RULE

- Polish independence was won militarily against the Germans and the post-1917 Soviets when Marshall Józef Piłsudski, Poland's military leader and first head of state, defeated the Soviet siege of Warsaw in 1920.
- The parliamentary government succeeding Piłsudski's initial government faced hyperinflation related to large budget deficits, a situation that also affected Poland's neighbors.

PILSUDSKI'S RULE

- The economic situation led Piłsudski to carry out a coup in 1926, and he ruled as dictator until his death in 1935, when he was succeeded by a group of army colonels.
- The economic policies of Piłsudski and his



PILSUDSKI'S RULE

- **Polish independence was won militarily against the Germans and the post-1917 Soviets when Marshall Józef Piłsudski, Poland's military leader and first head of state, defeated the Soviet siege of Warsaw in 1920.**
- **The parliamentary government succeeding Piłsudski's initial government allowed hyperinflation related to large budget deficits, a situation that also affected Poland's neighbors.**

Click to add notes



Slides

Outline



8

PILSUDSKI'S RULE

- The economic situation led Pilsudski to carry out a coup in 1926, and he ruled as dictator until his death in 1935, when he was succeeded by a group of army colonels.
- The economic policies of Pilsudski and his successors involved state intervention along authoritarian corporatist lines.

9

WORLD WAR II



10

INVASION!

- Germany invaded Poland on September 1, 1939, starting World War II in Europe.
- This invasion (known as "Operation Barbarossa") was the result of a secret agreement between Hitler and Mussolini in which they agreed on a division of Central and Eastern Europe.
- The USSR invaded from the east, taking areas that would be annexed after the war when Poland was again forced into a tripartite war zone.
- Pilsudski had the highest percentage of fatalities of any nation during the war.

11

POWER TRANSITION

- After Germany invaded the USSR in 1941, Stalin set up the Polish Workers' Party, which dominated a multi-party government that took power after the Red Army removed the Germans in early 1945.
- The United States and the United Kingdom supported a Polish government-in-exile, which insisted that Stalin have his way at the Yalta Conference in 1945, given its assurances that the USSR would respect Polish independence and that free elections would be held soon.

12

POWER TRANSITION

- In early 1947, elections were held but were manipulated by the Polish Workers' Party. After the opposition leaders fled, the party won.
- Parties such as the Social Democrats were annihilated by the Polish Workers' Party, many members being purged. "National Committees" with Wladyslaw Gomulka were purged from the ranks.

PILSUDSKI'S RULE

- The economic situation led Pilsudski to carry out a coup in 1926, and he ruled as dictator until his death in 1935, when he was succeeded by a group of army colonels.**
- The economic policies of Pilsudski and his successors involved state intervention along authoritarian corporatist lines.**

Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline

X

8 PILSUDSKI'S RULE

- The economic situation led Piłsudski to carry out a coup in 1926, and he ruled as dictator until his death in 1935, when he was succeeded by a group of army colonels.
- The economic policies of Piłsudski and his successors involved state intervention along a authoritarian corporatist lines.

9 WORLD WAR II



10 INVASION!

- Germany invaded Poland September 1, 1939, starting World War II in Europe.
- This invasion immediately followed signing of the Molotov-von Ribbentrop nonaggression pact between the USSR and Germany in which they agreed on a division of Central and Eastern Europe.
- The USSR soon invaded from the east, taking areas that would be annexed after the war when Poland was given former German territory westward.
- Poland had the highest percentage of fatalities of any nation during the war.

11 POWER TRANSITION

- After Germany invaded the USSR in 1941, Stalin set up the Polish Workers' Party, which demanded a temporary government that took power after the Red Army removed the Germans in early 1945.
- The United States and Britain assumed a Polish government in London, but Stalin forced his way at the Yalta Conference in 1945, given assurances that the USSR would respect Polish independence and that free elections would be held soon.

12 POWER TRANSITION

- In early 1947, elections were held but were manipulated by the "Vikings" (Poles). After the government lost control of that.
- Stalin sent in the Soviet Union troops to "protect" Poland. They immediately overthrew the "Polish Government" and "Workers' Government" and installed communists.

INVASION!

- Germany invaded Poland on September 1, 1939, starting World War II in Europe.
- This invasion immediately followed signing of the Molotov-von Ribbentrop nonaggression pact between the USSR and Germany in which they agreed on a division of Central and Eastern Europe.
- The USSR soon invaded from the east, taking areas that would be annexed after the war when Poland was given former German territory westward.
- Poland had the highest percentage of fatalities of any nation during the war.

Click to add notes



Slides

Outline

**PILSUDSKI'S RULE**

- The economic situation led Piłsudski to carry out a coup in 1926, and he ruled as dictator until his death in 1935, when he was succeeded by a group of army colonels.
- The economic policies of Piłsudski and his successors involved state intervention along authoritarian corporatist lines.

WORLD WAR II**INVASION!**

- Communist and Polish家の September 1, 1939 starting World War II in Europe.
- This was immediately followed by the Molotov-Ribbentrop Agreement between the Soviet Union and Germany, which they agreed to divide Poland between them.
- The USSR invaded Poland from the west, taking areas that would become part of the future Polish People's Republic.
- Poland had the largest percentage of Jews killed during the war.

POWER TRANSITION

- After Germany invaded the USSR in 1941, Stalin set up the Polish Workers' Party, which dominated a multiparty government that took power after the Red Army removed the Germans in early 1945.
- The United States and Britain supported a Polish government-in-exile in London, but they let Stalin have his way at the Yalta Conference in 1945, given his assurances that the USSR would respect Polish independence and that free elections would be held soon.

POWER TRANSITION

- In early 1947, elections were held but were manipulated by the Polish Workers' Party. After the communists won.
- Parties such as the Social Democrats, conservative parties, and liberal parties were banned. This was known as the "Second Government" and as "Workers' Poland".

POWER TRANSITION

- After Germany invaded the USSR in 1941, Stalin set up the Polish Workers' Party, which dominated a multiparty government that took power after the Red Army removed the Germans in early 1945.
- The United States and Britain supported a Polish government-in-exile in London, but they let Stalin have his way at the Yalta Conference in 1945, given his assurances that the USSR would respect Polish independence and that free elections would be held soon.

Click to add notes



Slides

Outline



POWER TRANSITION

- In early 1947, elections were held but were manipulated by the Polish Workers' Party. After this, opposition leaders fled.
- Parties such as the Social Democrats were "amalgamated" with the Polish Workers' Party, many members being purged; "National Communists" such as Wladyslaw Gomulka were purged from the ruling party, and the leadership was taken over by hardline Stalinists.
- Poland had gone from the grip of Adolf Hitler to that of Joseph Stalin.

POWER TRANSITION



COMMUNIST REGIME



COMMUNIST POLAND

- The 1947–1989 period of Communist rule had four sub-periods: 1947–1956, 1956–1970, 1971–1981, and 1982–1989.
- The 1947–1956 period was characterized by standard Stalinism, emphasizing heavy industrialization under command socialist central planning, despite only a failed effort at collectivization.

GOMULKI 1957–1970

After Khrushchev's denunciation speech at the 1956 XXth Soviet Party Congress, various regional influences led to a party-government split, and Wladyslaw Gomulka was brought back from obscurity to lead the party and the nation.

A "new" period ensued, marked by stabilization of prices, fiscal discipline, and reduced bureaucracy. The

POWER TRANSITION

- In early 1947, elections were held but were manipulated by the Polish Workers' Party. After this, opposition leaders fled.
- Parties such as the Social Democrats were "amalgamated" with the Polish Workers' Party, many members being purged; "National Communists" such as Wladyslaw Gomulka were purged from the ruling party, and the leadership was taken over by hardline Stalinists.
- Poland had gone from the grip of Adolf Hitler to that of Joseph Stalin.

Click to add notes



Slides

Outline



12

POWER TRANSITION

- In early 1947, elections were held that were manipulated by the Polish Workers' Party. After the opposition leaders fled.
- Parties such as the Social Democrats were "absorbed" with the Polish Workers' Party, many members being merged. "National Committees" with "Wladyslaw Gomulka" were created throughout the country, and the leadership was taken over by his close friend, Stefan Wyszyński.
- Poland had gone from the grip of Adolf Hitler to that of Joseph Stalin.

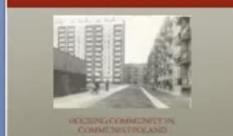
13

POWER TRANSITION



14

COMMUNIST REGIME

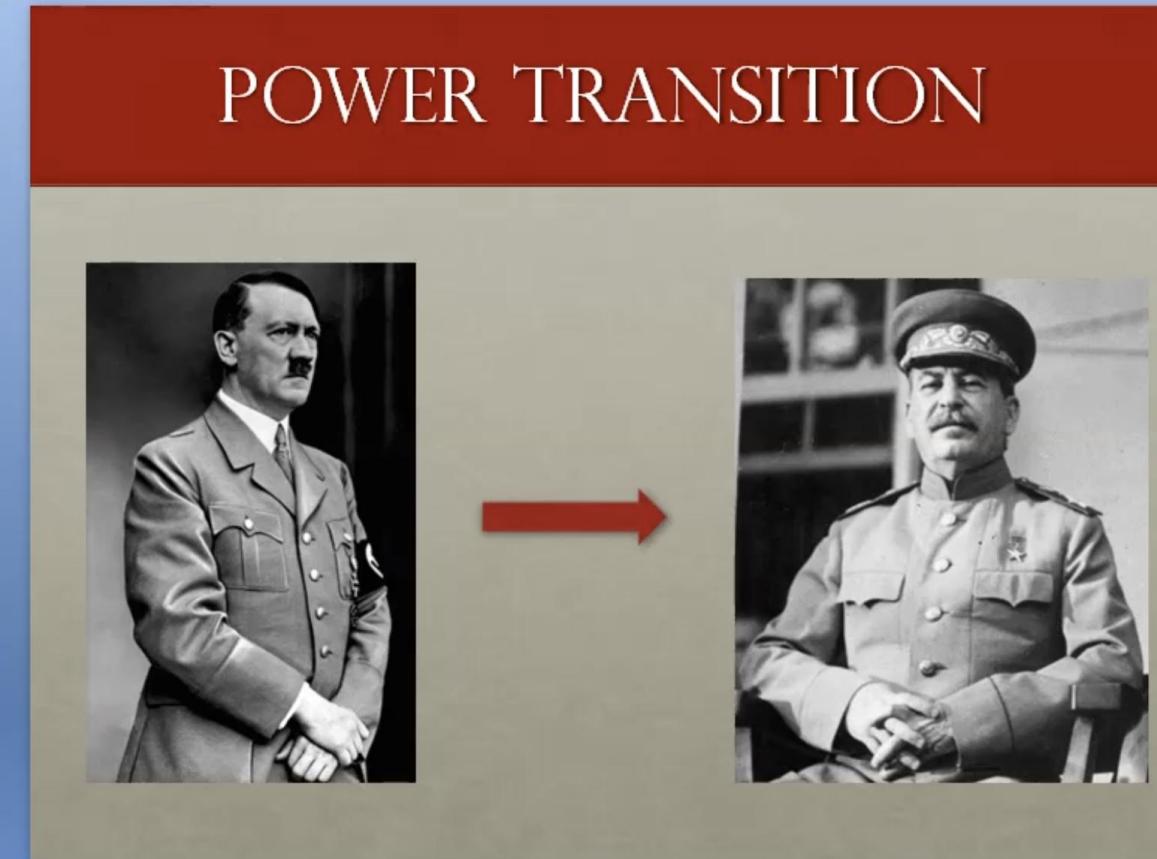


15

COMMUNIST POLAND

- The 1947–1989 period of Communist rule had four subperiods: 1947–1956, 1957–1970, 1971–1981, and 1982–1989.
- The 1947–1956 period was characterized by standard Stalinism, emphasizing heavy industrialization under command socialist central planning, despite only one failed effort to collectivize agriculture.

16



Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline



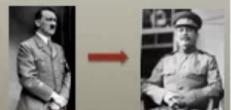
12

POWER TRANSITION

- In early 1947, elections were held but were manipulated by the Polish Workers' Party. After this, opposition leaders fled.
- Parliament and the National Committee were amalgamated with the Polish Workers' Party, thus members from groups like "National Conservatism" and Wladyslaw Gortatko were erased from the ruling party, and the leadership was taken over by the Stalinist Stalinists.
- Poland had gone from the grip of Adolf Hitler to that of Joseph Stalin.

13

POWER TRANSITION



14

COMMUNIST REGIME



HOUSING COMMUNITY IN COMMUNIST POLAND

15

COMMUNIST POLAND

- The 1947–1989 period of Communist rule had four subperiods: 1947–1956, 1957–1970, 1971–1981, and 1982–1989.
- The 1947–1956 period was characterized by standard Stalinism, emphasizing heavy industrialization under command socialist central planning, deviating only in a failed effort to collectivize agriculture.

16



COMMUNIST REGIME



HOUSING COMMUNITY IN COMMUNIST POLAND

Click to add notes



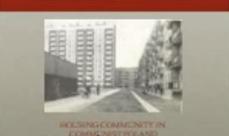
Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline

**POWER TRANSITION**

- In early 1947, elections were held but won manipulated by the Polish Workers' Party. After this, opposition leaders fled.
- Poland and the Soviet Union were "reorganized" with the Polish Workers' Party, many members being forced; "National Committees" with Wladyslaw Gomulka were purged from the ruling party, and the leadership was taken over by hardline Stalinists.
- Poland had gone from the group of "A" to "B" under that of Joseph Stalin.

POWER TRANSITION**COMMUNIST REGIME****COMMUNIST POLAND**

- The 1947–1989 period of Communist rule had four subperiods: 1947–1956, 1957–1970, 1971–1981, and 1982–1989.
- The 1947–1956 period was characterized by standard Stalinism, emphasizing heavy industrialization under command socialist central planning, deviating only in a failed effort to collectivize agriculture.

GOMULKA 1957–1970

After Khrushchev's denunciation speech at the 1956 XXII Soviet Party Congress, various coup attempts took place against a party-in-government coalition, and Wladyslaw Gomulka brought back from exile as leader of the party and the nation.

- A "thaw" period ensued, marked by liberalization of state policies in agriculture and reduced persecution of the Roman Catholic Church.

COMMUNIST POLAND

- The 1947–1989 period of Communist rule had four subperiods: 1947–1956, 1957–1970, 1971–1981, and 1982–1989.
- The 1947–1956 period was characterized by standard Stalinism, emphasizing heavy industrialization under command socialist central planning, deviating only in a failed effort to collectivize agriculture.

Click to add notes



16 GOMULKA: 1957-1970

- After Khrushchev's destalinization speech at the 1956 20th Soviet Party Congress, violent riots erupted in Poznan that triggered a party-government upheaval, and Wladyslaw Gomulka was brought back from disgrace to lead the party and the nation.
- A "thaw" period ensued, marked by liberalizing of efforts to collectivize agriculture and reduced persecution of the Roman Catholic Church.
- But then came more repressive policies, culminating in an anti-Semitic purge of the leadership in 1968, shortly before Polish troops participated in crushing the reformist Czechoslovak regime.

17 1970-81 (GIEREK DECADE)

- An affluence crisis in 1970 led to rioting and riots that ended in Gomulka's ouster. By Tadeusz Gajowniczek
- Gomulka profited rapid growth, and the early 1970s saw the fastest growth of the Polish economy ever, though it was unbalanced and unsustainable.
- Gomulka encouraged the formation of independent unions similar to the East German Komitee. These unions engaged in wildcat gigantomanic strikes against bosses, financed by foreign borrowing, which caused hyperinflation in the economy.

18 1970-81 (GIEREK DECADE)

- The debt-service ratio (annual payments on foreign debt as a percentage of hard currency export earnings) rose from 16 percent in 1975 to 42.2 percent in 1978
- American subsidies to the country, which total to raise food prices in 1976, but this triggered another round of strikes and riots that forced him to back off.
- This was followed by more foreign borrowing, and the debt-service ratio rose to 101.2 percent in 1981. Growth ceased and was sharply negative for 1979-1982



19

EDWARD GIEREK



20 RISE AND FALL OF SOLIDARITY

- An effort to renew old debts in 1981 led to the formation of the Solidarnosc trade union, mostly based in the Lenin Shipyard in Gdansk and led by Lech Wałęsa
- The very idea of a workers' movement opposing the state in a "workers' paradise" was a major contradiction.



GOMULKA: 1957-1970

- After Khrushchev's destalinization speech at the 1956 20th Soviet Party Congress, violent riots erupted in Poznan that triggered a party-government upheaval, and Wladyslaw Gomulka was brought back from disgrace to lead the party and the nation.
- A "thaw" period ensued, marked by the halting of efforts to collectivize agriculture and reduced persecution of the Roman Catholic Church.
- But then came more repressive policies, culminating in an anti-Semitic purge of the leadership in 1968, shortly before Polish troops participated in crushing the reformist Czechoslovak regime.

Click to add notes



16 GOMULKA: 1957-1970

- After Gomulka's initial economic reforms, the so-called **WOLA** (after his name) program, a series of economic reforms, was introduced. It was aimed at increasing efficiency and reducing costs. It also included a new approach to foreign investment by encouraging small enterprises.
- Agriculture, particularly, saw significant improvements in efficiency and output levels, and agricultural output increased from 1957 to 1970.
- But a sharp rise in imports caused inflation, which reached double-digit rates by 1968.
- Polish citizens participated in mass strikes and protests, leading to the formation of independent trade unions.

17 1970-81 (GIEREK DECADE)

- An effort to raise food prices in 1970 led to strikes and riots that resulted in Gomulka's replacement by Edward Gierek.
- Gierek pushed rapid industrialization, which led to a chronic shortage of the Polish currency, the zÅ'oty, due to insufficient production and demand.
- Gierek encouraged the formation of large enterprise units similar to the East German *Kombinat*. These enterprises engaged in wasteful **gigantomaniac** investment projects financed by foreign borrowing, which created bottlenecks in the economy.

18 1970-81 (GIEREK DECADE)

- The debt-service ratio (foreign payments on foreign debt as a percentage of hard currency exports) rose from 15 percent in 1975 to 42.2 percent in 1978.
- After failing to stabilize the economy, Gierek tried to raise food prices in 1976, but they triggered another round of strikes and riots that forced him to resign.
- This was followed by more wage increases, and inflation rose from 10.2 percent in 1974 to 101.2 percent in 1980. Gierek's successor was Leszek Balcerowicz.

19 EDWARD GIEREK



20 RISE AND FALL OF SOLIDARITY

- In 1980, the *Solidarnosc* (Solidarity) movement, founded by Lech WaÅ'Äsa, organized a strike against price increases.
- The strike ended with a historic "Solidarity Agreement" between the Polish People's Party and the *Solidarnosc* movement.

1970-81 (GIEREK DECADE)

- An effort to raise food prices in 1970 led to strikes and riots that resulted in Gomulka's replacement by Edward Gierek.**
- Gierek pushed rapid growth, and the early 1970s saw the fastest growth of the Polish economy ever, though it was unbalanced and unsustainable.**
- Gierek encouraged the formation of large enterprise units similar to the East German *Kombinat*. These enterprises engaged in wasteful **gigantomaniac** investment projects financed by foreign borrowing, which created bottlenecks in the economy.**

Click to add notes

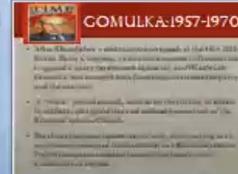


Slides

Outline

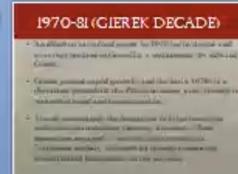


16



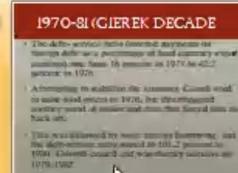
COMULKA: 1957-1970

17



1970-81 (GIEREK DECADE)

18



1970-81 (GIEREK DECADE)

19



EDWARD GIerek

20



RISE AND FALL OF SOLIDARITY

1970-81 (GIEREK DECADE)

- The debt-service ratio (interest payments on foreign debt as a percentage of hard currency export earnings) rose from 16 percent in 1973 to 42.2 percent in 1976
- Attempting to stabilize the economy, Gierek tried to raise food prices in 1976, but this triggered another round of strikes and riots that forced him to back off.
- This was followed by more foreign borrowing, and the debt-service ratio soared to 101.2 percent in 1980. Growth ceased and was sharply negative for 1979–1982.

Click to add notes



Slides

Outline

16 COMULKA: 1957-1970

- After Gomulka's death Edward Gierek was elected as the new PZPR General Secretary. He continued to implement policies that were similar to those of Gomulka, but brought in some changes such as more market-oriented economy.
- A "Solidarnosc" peasant union, founded by checking out alliance between agriculture and rural community of the Polish Catholic Church, was founded.
- But it was too early to expect any significant changes in the Polish economy, especially in the field of agriculture.

17 1970-81 (GIEREK DECADE)

- Another period of stagnation. In 1970 inflation reached 10 percent, which increased to 15 percent by 1973.
- Gierek pushed wage increases, and the index of wages in 1976 was 40% higher than in 1970.
- Gierek encouraged the formation of a communist government in October 1970. However, there was no significant improvement in the economy.

18 1970-81 (GIEREK DECADE)

- The debts service ratio (annual payment on foreign debt as a percentage of hard currency exports) grew from 16 percent in 1975 to 42.2 percent in 1978.
- Another period of stagnation. Gierek tried to raise food prices in 1978, but this triggered another round of strikes and riots that forced him to back off.
- This was followed by more wage increases, and the index of wages increased to 101.2 percent in 1980. Growth ceased and was slightly negative in 1979-1980.

19 EDWARD GIEREK

EDWARD GIEREK

Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline



20

RISE AND FALL OF SOLIDARITY

- An effort to raise food prices in 1980 led to the formation of the Solidarity trade union, initially based in the Lenin Shipyard in Gdansk and led by Lech Wałęsa.
- The very idea of a workers' movement rising up against the state in a "workers' paradise" was a major contradiction.
- The union was tolerated until the end of 1981, when a military coup was carried out by General Wojciech Jaruzelski, who declared martial law and outlawed Solidarity.

21

SOLIDARITY IN PICTURES



22

1982-89: THE JARUZELSKI MODEL

- In 1982, the Polish government introduced the so-called "Solidarity Model". It included economic reform, decentralization, and political liberalization.
- It also included inflation and cuts in wages and living standards, which led to social unrest and strikes.
- However, despite some improvements, the model did not lead to the dismantling of socialism, and it remained in place until 1989.



23

1982-89: THE JARUZELSKI MODEL



24

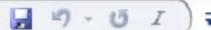
TOWARDS DEMOCRACY

- Student protest against martial law, and in early 1989 a round-table conference between Solidarność and the government established a coalition government in Gdańsk, effectively the first non-communist government since World War II.

RISE AND FALL OF SOLIDARITY

- An effort to raise food prices in 1980 led to the formation of the Solidarity trade union, initially based in the Lenin Shipyard in Gdansk and led by Lech Wałęsa.
- The very idea of a workers' movement rising up against the state in a "workers' paradise" was a major contradiction.
- The union was tolerated until the end of 1981, when a military coup was carried out by General Wojciech Jaruzelski, who declared martial law and outlawed Solidarity.

Click to add notes



Slides

Outline



20

RISE AND FALL OF SOLIDARITY

- An effort to raise food prices in 1981 led to the formation of the Solidarity trade union, mainly headed by Lech Wałęsa and Leszek Balcerowicz.
- The very idea of a workers' movement that would appear the same in a "workers' paradise" was a major contradiction.
- The union was reformed until the end of 1981, when martial law was imposed on by General Jaruzelski, who declared martial law and nationalized Solidarność.

21

SOLIDARITY IN PICTURES



22

1982-89: THE JARUZELSKI MODEL

- In 1982 the dissident party introduced the so-called Economic System (SOS), also known as the "Solidarność model". It was a self-managed, community, self-financing, co-operative, profit, and competitive enterprise (cooperatives).
- In imitation of socialist realities of Hungary and Poland's Yugoslavia, centralized control was maintained and a new, long-term and cumulative socialism.
- Workers' councils, trade unions suspended to have no right to the management of enterprises, were given instead power.

23

1982-89: THE JARUZELSKI MODEL

- Initially in 1982-83, the economy stabilized somewhat and grew by 2.5% per year, due to increasing oil food prices, oil and budget deficits.
- Foreign borrowing increased, and foreign debt increased from \$1.5 billion in 1983 to \$60.5 billion in 1989.
- With the introduction of strict economic reforms, inflation reached 25% percent in 1989.

24

TOWARDS DEMOCRACY

- Solidarność broke out again in 1988, and nearly 1989 is a round-table conference with Jaruzelski and Wałęsa as the main representatives established a coalition government in August, with both the Communists (postponed) but non-Communists were in charge, with Lech Wałęsa becoming the first president.

SOLIDARITY IN PICTURES

Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline

X

20

RISE AND FALL OF SOLIDARITY

- An effort to raise food prices in 1981 led to the formation of the Solidarity trade union, mainly headed by Lech Wałęsa and Tadeusz Mazowiecki.
- The very idea of a workers' movement emerging against the state in a "workers' paradise" was a major contradiction.
- The union was repressed until the end of 1981, when martial law was imposed on by General Jaruzelski, who declared martial law and nationalized Solidarity.

21

SOLIDARITY IN PICTURES

22

1982-89: THE JARUZELSKI MODEL

- In 1982 the Jaruzelski regime introduced the Reformed Economic System (RES), characterized by the "three Ss": self-management (*samorządny*), self-financing (*samofinansujący*), and independent enterprise (*samodzielny*).
- In imitation of the socialist societies of Hungary and even of Yugoslavia, command central planning was scaled back and given a more long-term and consultative character.
- Workers' councils, which were supposed to have authority over the management of enterprises, were given increased power.



23

1982-89: THE JARUZELSKI MODEL

- Initially in 1981-82, the economy suffered recession and growing inflation due to the economic reform, low food prices, and record budget deficits.
- Foreign borrowing increased, and Poland's foreign debt rose from \$1.5 billion in 1980 to \$20.5 billion by 1989.
- Workers' councils, which were supposed to have authority over the management of enterprises, were given increased power.



24

TOWARDS DEMOCRACY

- Second historic compromise in 1989, and finally 1989's round-table conference with Jaruzelski and Wałęsa as the main representatives established a coalition government in August, with both the Germans (represented by the CDU) and Communists were in charge, with Leszek Balcerowicz as finance minister.

1982-89: THE JARUZELSKI MODEL

- In 1982 the Jaruzelski regime introduced the Reformed Economic System (RES), characterized by the "three Ss": self-management (*samorządny*), self-financing (*samofinansujący*), and independent enterprise (*samodzielny*).
- In imitation of the market socialism of Hungary and even of Yugoslavia, command central planning was scaled back and given a more long-term and consultative character.
- Workers' councils, which were supposed to have authority over the management of enterprises, were given increased power.

Click to add notes



Slides

Outline



20

RISE AND FALL OF SOLIDARITY

- An effort to raise food prices in 1981 led to the formation of the Solidarity trade union, mainly headed by Lech Wałęsa.
- The very idea of a workers' movement emerging against the state in a "workers' paradise" was a major contradiction.
- The union was repressed until the end of 1981, when martial law was imposed on by General Jaruzelski, who declared martial law and nationalized Solidarity.

21

SOLIDARITY IN PICTURES



22

1982-89: THE JARUZELSKI MODEL

- In 1982 the decision was taken to implement the Transitional Economic Strategy (TESO), also known as the "Three No's" self-management (cooperatives), self-financing (no subsidies), and independence (no state control).
- In imitation of the socialist societies of Hungary and even East Germany, central control inflation was not bad and a new long-term and cumulative deflation.
- Western credits, which were supposed to have gone to the improvement of agriculture, were given to uncooperative peasants.



23

1982-89: THE JARUZELSKI MODEL

- Briefly in the early 1980s, the economy stabilized somewhat and grew, due to the introduction of calculating, low food prices, and reduced budget deficits.
- Foreign borrowing resumed, and Poland's debt rose from \$26.8 billion in 1984 to \$40.8 billion in 1989.¹⁶ Growth stalled, and without central command controls on prices, inflation reached 251 percent in 1989.



24

TOWARDS DEMOCRACY

- Solidarność ran again in 1988, and finally 1989's round-table conference with Jaruzelski and Wałęsa as the main representatives established a coalition government in August, with both the Germans (represented by the Greens) and the Communists were in charge, with Lech Wałęsa becoming the prime minister.

1982-89: THE JARUZELSKI MODEL

- Briefly in the mid-1980s, the economy stabilized somewhat and grew. But then subsidies for maintaining low food prices inflated budget deficits.
- Foreign borrowing resumed, and Poland's debt rose from \$26.8 billion in 1984 to \$40.8 billion in 1989.¹⁶ Growth stalled, and without central command controls on prices, inflation reached 251 percent in 1989.



Click to add notes



Slides

Outline

24 TOWARDS DEMOCRACY

- Strikes broke out again in 1988, and in early 1989 a round table conference with Jaruzelski and Walesa as the main negotiators established a coalition government. In August, a non-Communist government participated by non-Communists were in charge, with Leszek Balcerowicz as finance minister.
- At the end of 1990, Jaruzelski was replaced as president by Lech Walesa after a democratic election. Poland was the first East European country to shrug off Communism, and it did so peacefully.

25 ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME

- From 1950 to 1989 Poland's economic performance deteriorated that of most East European Communist states.
- The reasons included:
 - inflation and economic growth, starting in 1970s.
 - lack of industrialisation due to central planning.
 - low productivity.
 - external debts due to imports that could not be paid.
 - an older technology and a poor education system.

26 ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME

- But the second Gdansk strike forced a political leadership realising that stagnation, always and especially in the private sector, was a dead end.
- Private Polish farmers started growing food again and the rest of the economy, which was still state-owned, followed.
- Agricultural output increased rapidly, for instance, grain production doubled between 1981 and 1989.

27 ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME



28 ENVIRONMENTAL DEGRADATION IN POLAND

- Industrially, Poland became one of Europe's most heavily polluted nations due to its high levels of coal-based energy.
- Oil, Walesa, US pressure eventually led to an environmental and other 10-point environmental programme operating on sustainable and integrated principles.

TOWARDS DEMOCRACY

- Strikes broke out again in 1988, and in early 1989 a round table conference with Jaruzelski and Walesa as the main negotiators established a coalition government in August, in which the Communists participated but non-Communists were in charge, with Leszek Balcerowicz as finance minister.
- At the end of 1990, Jaruzelski was replaced as president by Lech Walesa after a democratic election. Poland was the first East European country to shrug off Communism, and it did so peacefully.

Click to add notes



Slides

Outline

24

TOWARDS DEMOCRACY

- Sejm election in April 1989, and in early 1990 a round-table conference with Jaruzelski and Wałęsa at the front represented established a coalition government. A broad-based government of Government participated by non-Communist were in charge, with Leszek Balcerowicz as finance minister.
- At the end of 1990, Jaruzelski was replaced as president by Lech Wałęsa after democratic elections Poland was the first East European country to free its Government, and it did so peacefully.

25

ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME

- From 1947 to 1989 Poland's economic performance resembled that of other East European Communist states.
- The virtues included:
 - substantial real economic growth until the late 1970s,
 - a shift from a rural-agricultural society to an urban-industrial one,
 - low unemployment,
 - a more equal income distribution than in most market capitalist economies,
 - available public goods, and a generous social safety net

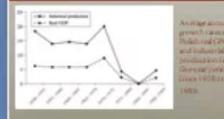
26

ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME

- But the initial decades also revealed significant inefficiency indicating its stagnation, although rapid industrialisation provided some economic growth.
- Poland's Polish was an important driver for most agricultural and non-farm sectors, including small agriculture and Polish industry.
- Agricultural output, mainly capitalist, but certainly not all, was also declining, although larger firms among them had been encouraged.

27

ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME



28

ENVIRONMENTAL DEGRADATION IN POLAND

- Practically, Poland became one of the most environmentally polluted land in Europe, mainly in terms of acid rain and the quality of chemical pollution, mainly in environmental areas.
- Of Polish land, 8.5 percent is extremely dry, natural deserts and arid, 19 percent receives biological resources, 40 percent are moderately and marginally arid lands.

ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME

- From 1947 to 1989 Poland's economic performance resembled that of other East European Communist states.
- The virtues included:
 - substantial real economic growth until the late 1970s,
 - a shift from a rural-agricultural society to an urban-industrial one,
 - low unemployment,
 - a more equal income distribution than in most market capitalist economies,
 - available public goods, and a generous social safety net

Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline

X

24

TOWARDS DEMOCRACY

- Strosser broke our upon in 1988, and in early 1989 a grand-table conference with Jaruzelski and Wałęsa at the main negotiations established a coalition government. In August 1989, the first non-Communist participated but anti-Communist regime in charge, with Lech Wałęsa as president or finance minister.
- At the end of 1990, Jaruzelski was replaced as president by Lech Wałęsa after a democratic election. Poland was the few East European country to steer off Communism, and it did so peacefully.

25

ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME

- From 1945 to 1989 Poland's economic performance resembled that of other East European Communist states.
- The reasons included:
 - substantial economic growth until the late 1970s;
 - lack of incentives for individual economic initiative;
 - low unemployment;
 - reasonable income distribution between market agriculture and state agriculture;
 - an ample public goods and a generous social safety net.

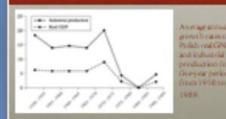
26

ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME

- But the usual difficulties also existed: gigantomania, inefficiency culminating in stagnant growth, shortages and poor-quality consumer goods, and severe environmental damage.
- Peculiar to Poland was a severe disjunction between agriculture and the rest of the economy, which aggravated Polish inflation.
- Agriculture was largely market capitalist, but inefficient nonetheless for reasons discussed below. Larger than average foreign debt burdens also emerged.

27

ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME



28

ENVIRONMENTAL DEGRADATION IN POLAND

- Paradoxically, Poland seems one of the most environmentally friendly land in all of Europe, mostly in terms of air pollution. It is one of the cleanest polluted mainly in its environmental areas.
- Of Poland's 8.5 percent is virtually in its natural condition and other 19 percent consists "biological ecosystem operating in sustainable and ecologically sound conditions."

ECONOMIC PERFORMANCE UNDER COMMUNIST REGIME

- But the usual difficulties also existed: gigantomania, inefficiency culminating in stagnant growth, shortages and poor-quality consumer goods, and severe environmental damage.
- Peculiar to Poland was a severe disjunction between agriculture and the rest of the economy, which aggravated Polish inflation.
- Agriculture was largely market capitalist, but inefficient nonetheless for reasons discussed below. Larger than average foreign debt burdens also emerged.

Click to add notes



Slides

Outline



28

ENVIRONMENTAL DEGRADATION IN POLAND

- Paradoxically, Poland contains some of the most environmentally pristine land in all of Europe, mostly in its northeastern corner, and some of the most polluted, mostly in its southwestern corner.
- Of Polish land, 8.5 percent is virtually in its natural condition and other 19 percent contains “biological complexes operating on sustainable and ecologically sound principles.”
- At the other extreme, the southwestern 11 percent of the land area, home to one-third of the population, is among the most polluted and hazardous to health on earth. This area contains many steel, cement, and chemical plants.

29

ENVIRONMENTAL DEGRADATION IN POLAND

- Poland's environmental record had been one of the worst in Europe during the 1980s because of Gdansk and Solidarnosc.
- During the last years of the Communist regime, environmental issues were based on regional, not national, environmental standards.
- With such budget constraints, such fine made little difference to decision making.
- But during the early post-socialist period, environmental policy became more strict in Poland.

30

POLISH AGRICULTURE

- Poland differed from the rest of the Soviet bloc in that its farms were not collectivized, although a state farm sector with about 30 percent of the land eventually developed.
- Part of the problem for the cereal plumes was that Polish agriculture was not very successful in spite of being largely privatized, even relative to the inefficient collectivized agricultural systems in the rest of the Soviet bloc.

31

- Poland had the lowest rates of output growth and of GDP growth. It was able to reduce its percentage of its labor force employed in agriculture and mining from 30 percent to 16 percent of agricultural output.
- Both Poland and Yugoslavia nearly return farms during the Communist period, although Yugoslavia's economy was much larger than that of Poland, and faced similar problems of increasing industrial costs.

32

- This is a major concern for Poland's poor agricultural performance relative to the rest of the Central and Eastern European countries that adopted a market-based system that achieved economic success. But Yugoslavia had the highest rates of GDP growth in the entire region with its socialist model.
- Poland's own agricultural output has generally declined since 1989, and its food imports have increased.

ENVIRONMENTAL DEGRADATION IN POLAND

- Paradoxically, Poland contains some of the most environmentally pristine land in all of Europe, mostly in its northeastern corner, and some of the most polluted, mostly in its southwestern corner.
- Of Polish land, 8.5 percent is virtually in its natural condition and and other 19 percent contains “biological complexes operating on sustainable and ecologically sound principles.”
- At the other extreme, the southwestern 11 percent of the land area, home to one-third of the population, is among the most polluted and hazardous to health on earth. This area contains many steel, cement, and chemical plants.

Click to add notes



Slides

Outline



28

ENVIRONMENTAL DEGRADATION IN POLAND

- Paradoxically, Poland remains one of the most environmental friendly states in Europe, mainly due to its environmental policies and some of them are included mainly in international agreements.
- Of Polish land, 9.5 percent is virtually in its natural condition and other 19 percent remains "biological environment", according to sustainable and ecological sound principles.
- At the other extreme, environmentalists estimate that 11 percent of the land area is heavily contaminated by industrial waste, mining waste, nuclear wastes, and chemical plants.

29

ENVIRONMENTAL DEGRADATION IN POLAND

- Poland's performance was especially bad in the areas of energy intensity per GDP, wastewater per GDP, and solid waste per GDP.
- During the last years of the Communist regime, environmental enforcement was based on a system of rarely collected and not very high fines.
- With soft budget constraints, such fines made little difference to decision making.
- But during the transition period, environmental policy has been a success story for Poland.

30

POLISH AGRICULTURE

- Poland differed from the rest of the Soviet bloc in that its farms were not collectivized, although a state farm sector with about 30 percent of the land eventually developed.
- Part of the problem for the central planners was that Polish agriculture was not very successful in spite of being largely privatized, even relative to the inefficient collectivized agricultural systems in the rest of the Soviet bloc.

31

POLAND AND YUGOSLAVIA

- Both Poland and Yugoslavia had relatively low rates of output growth and of GDP growth. It was easier to sustain the percentage of labor force employed in agriculture and industry than to sustain the percentage of agricultural imports.
- Both Poland and Yugoslavia had relatively low rates of output growth and of GDP growth. It was easier to sustain the percentage of labor force employed in agriculture and industry than to sustain the percentage of agricultural imports.
- Both Poland and Yugoslavia had relatively low rates of output growth and of GDP growth. It was easier to sustain the percentage of labor force employed in agriculture and industry than to sustain the percentage of agricultural imports.

32

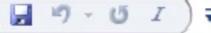
POLAND AND YUGOSLAVIA

- This is a longer version for Poland's poor agricultural performance relative to the rest of the Central and Eastern European countries that adopted a market-based economy.
- Yugoslavia showed higher rates of GDP growth than the Central European countries.
- Poland's agricultural factors worked relatively poorly, mainly due to the lack of a market-based economy.

ENVIRONMENTAL DEGRADATION IN POLAND

- Poland's performance was especially bad in the areas of energy intensity per GDP, wastewater per GDP, and solid waste per GDP.
- During the later years of the Communist regime, environmental enforcement was based on a system of rarely collected and not very high fines.
- With soft budget constraints, such fines made little difference to decision making.
- But during the transition period, environmental policy has been a success story for Poland,

Click to add notes



Slides

Outline



28

ENVIRONMENTAL DEGRADATION IN POLAND

- Paradoxically, Poland avoided some of the most environmental problems, and was at the same time one of the countries most heavily involved in environmental issues.
- Of Polish land, 8.5 percent is virtually in its natural condition and only 19 percent receive "biological treatment," making for sustainable and ecologically sound practices.
- At the other extreme, there is almost 11 percent of the land under forest or covered by the population, 40 percent of which is heavily degraded, with soil erosion, acidification, many trees, owners, and chemical plants.

29

ENVIRONMENTAL DEGRADATION IN POLAND

- Poland's performance was especially bad in terms of environmental degradation because of its GDP and waste per GDP.
- During the last years of the Communist regime, environmental degradation was blamed on capitalist exploitation and environmentalists.
- With such budget constraints, such flaws made little difference to decision making.
- But during the transition period, environmental policy has been a success story for Poland.

30

POLISH AGRICULTURE

- Poland differed from the rest of the Soviet bloc in that its farms were not collectivized, although a state farm sector with about 30 percent of the land eventually developed.
- Part of the problem for the central planners was that Polish agriculture was not very successful in spite of being largely privatized, even relative to the inefficient collectivized agricultural systems in the rest of the Soviet bloc.

31

- Poland had the lowest rates of output growth and of GDP growth. It was able to reduce its percentage of its labor force employed in agriculture and industry from 30 percent to 18 percent of agricultural imports.
- Both Poland and Yugoslavia had nearly zero growth during the Communist period, although Yugoslavia's output was in decline rather than increase due to the lack of food from the problems of currency inflation and famine.

32

- This is a longer version of the Polish agricultural performance statistics for the whole of the Soviet Bloc system that achieved economic stalemate. The Yugoslav situation helped to raise GDP growth in the last two years with the introduction of the market economy.
- Poland's output figures were not taken account of until the mid-1990s.

POLISH AGRICULTURE

- Poland differed from the rest of the Soviet bloc in that its farms were not collectivized, although a state farm sector with about 30 percent of the land eventually developed.
- Part of the problem for the central planners was that Polish agriculture was not very successful in spite of being largely privatized, even relative to the inefficient collectivized agricultural systems in the rest of the Soviet bloc.

Click to add notes



Slides

Outline



28

ENVIRONMENTAL DEGRADATION IN POLAND

- Paradoxically, Poland occupies some of the most agriculturally productive areas of Europe, namely in its environmental zones and areas of glacial influence, mainly in its mountainous areas.
- Of Poland's land, 3.5 percent is virtually in its natural condition and only 19 percent receives "biological treatment," according to sustainable and integrated sound principles.
- At the other extreme, there are forests, 11 percent of the land area, which are controlled by the population. A large number of them are heavily damaged by acid rain, air pollution, many pests, insects, and chemical plants.

29

ENVIRONMENTAL DEGRADATION IN POLAND

- Poland's performance was especially bad in the area of environmental degradation because of its GDP and waste per GDP.
- During the era of the Communist regime, environmental degradation was blamed on capitalist exploitation and environmentalism.
- With such budget constraints, such flaws made little difference to decision-making.
- But during the transition period, environmental policy has been a success story for Poland.

30

POLISH AGRICULTURE

- Poland differed from the rest of the Soviet bloc in that its farms were not collectivized, although a state farm sector with about 30 percent of the land was already developed.
- Part of the problem with the central planning was that Polish agriculture was not very successful in spite of being largely privatized, even relative to the inefficient collectivized agricultural systems in the rest of the Soviet bloc.

31

- Poland had the lowest rates of output growth and of TFP growth. It was also second to Yugoslavia in the percentage of its labor force employed in agriculture and had the highest TFP growth as a percentage of agricultural imports.
- Both Poland and Yugoslavia had mostly private farms during the Communist period, although Yugoslavia's nonprivate sector was in collectives rather than state farms. Both suffered from the problem of too many inefficient small farms.

32

- This is a longer summary for Poland's poor agricultural performance due to a mix of the centralized and semi-centralized systems that adopted an economic model of state. But Yugoslavia had higher rates of TFP growth than the other countries with similar systems.
- Poland's own agriculture was not very agriculturally efficient due to its lack of market orientation.

CLICK TO ADD TITLE

- Poland had the lowest rates of output growth and of TFP growth. It was a close second to Yugoslavia in the percentage of its labor force employed in agriculture and second to the USSR in its percentage of agricultural imports.
- Both Poland and Yugoslavia had mostly private farms during the Communist period, although Yugoslavia's nonprivate sector was in collectives rather than state farms. Both suffered from the problem of too many inefficient small farms.

Click to add notes



Slides

Outline



32

This is a major reason for Poland's poor agricultural performance relative to that of the collectivized Soviet bloc systems that achieved economies of scale. But Yugoslavia showed the highest rate of TFP growth on the list, a sharp contrast with Poland.

- Poland's private farmers worked within a generally centrally planned system that was hostile to their interests and diverted inputs to their state-owned rivals, who were no different from them in technical efficiency.

33

- In the case described earlier, Poland's agricultural sector had been converted to a state-owned entity. It organized farmers into a state-controlled agency. In the case of Poland, it was a Ministry of Agriculture.
- Thus, high growth and productivity gains recorded there in the case of the communist economies. Polish farmers had to work at twice world-average scale and practice more modern methods.

34

TIME FOR REFORMS



On August 1989, a government led by Solidarnosc' member Leszek Balcerowicz announced a plan for the rapid transformation of the Polish economy with input from the IMF. This was known as the "Balcerowicz Plan".

35

THE BALCEROWICZ PLAN

The key parts of the plan, which were implemented on January 1, 1991, were the following:

1. Deregulation of prices, price controls extending from 300 to 600 percent across to all state-controlled energy sectors.
2. Allow devaluation of the zloty in a fixed exchange rate with the US dollar (it made it completely convertible both internally and internationally).
3. Ending the dominance of the National Bank of Poland, which implied a right monetary policy.

36

THE BALCEROWICZ PLAN

4. Reduction of subsidies for SOEs as a share of government expenditures from 16 to 10 percent to reduce the budget deficit.

CLICK TO ADD TITLE

- This is a major reason for Poland's poor agricultural performance relative to that of the collectivized Soviet bloc systems that achieved economies of scale. But Yugoslavia showed the highest rate of TFP growth on the list, a sharp contrast with Poland.
- Poland's private farmers worked within a generally centrally planned system that was hostile to their interests and diverted inputs to their state-owned rivals, who were no different from them in technical efficiency.

Click to add notes



Slides

Outline



32

• This is a major reason behind the poor agricultural output compared to other socialist countries like Yugoslavia, which had a market economy. The Polish government had strict controls over agriculture, which limited the number of producers in the sector, causing low output.

• This was due to lack of sufficient market availability. As a result, there was no incentive for farmers to produce more, as they could easily sell their produce elsewhere.

34

TIME FOR REFORMS



THE BALCEROWICZ PLAN

The very goals of the state, which was implemented on January 1, 1981, were the following:

1. Reduction of remaining state central planning with initial privatization of agriculture, small-scale industry, and services.
2. Return of some of the state to a mixed economy system with the 12% shift from a planned to a market economy with both socialism and communism.
3. Ending production quota of the National Bank of Poland. Interest would be set by the market.

35

THE BALCEROWICZ PLAN

4. Reduction of subsidies. At 1980 was a sum of government expenditures from 34 to 10 percent to reduce the budget deficit.

CLICK TO ADD TITLE

- In the more decentralized market socialism of Yugoslavia, farmers were not discriminated against in this manner and could obtain necessary inputs more easily.
- Thus their growth and productivity gains resembled those of the market capitalist economies. Polish farmers had the worst of both worlds: inefficient scale and inefficient input markets.

Click to add notes



32

- This is a leader - consider the Polish prime minister and compare some aspects of this with what Soviet leaders were like at the same time.
- Solidarity activists came to power with the support of a specifically created political party that was based on trade unions and different groups that had been suppressed under the old communist regime.

33

- In the short term Poland faced economic collapse. It had inflation rates of over 1000% per month and could not even import basic foodstuffs.
- These left activists and economists in a difficult position. Poland's economy was not able to compete with the rest of Central Europe and there was a lack of foreign investment.

34

TIME FOR REFORMS



THE BALCEROWICZ PLAN

- The key parts of the plan, which were implemented on January 1, 1990, were the following:
1. Elimination of state price controls, including oil and gas prices, and introduction of market-controlled energy prices.
 2. Removal of the peg to a fixed exchange rate with the US dollar (now measured by a convertible, freely marketable currency).
 3. Creating the National Bank of Poland, which adopted a more monetary policy.

36

THE BALCEROWICZ PLAN

4. Reduction of subsidies for SOEs as a share of government expenditures from 36 to 10 percent to reduce the budget deficit.

TIME FOR REFORMS



In August 1989, a government led by Solidarity activists came to power with vigorously pro-laissez-faire Leszek Balcerowicz as finance minister. Balcerowicz developed a plan for the rapid transformation of the Polish economy with input from foreign advisers, especially the IMF.

Click to add notes



Slides

Outline



32

- This is a major reason the Polish price agricultural performance started off of the collectivized farm system that achieved minimum scale, but maximum inefficiency. In 1989, 700,000 peasants in the agricultural sector were still producing 40% of Poland's total output.
- Poland's rural economy worked within an agriculturally planned system that was based on state incomes and planned inputs rather than market prices, which caused different incentives in individual efficiency.



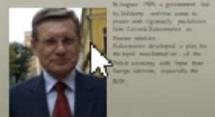
33

- To the more decentralized market economy of Poland, it was a very big shock to the economy and caused severe economic stagnation early.
- Thus high growth and production is planned control through the central planning committee. Polish farmers had to sell their crops to the state at fixed prices and receive low wages.



34

TIME FOR REFORMS



35

THE BALCEROWICZ PLAN

- The key parts of the plan, which were implemented on January 1, 1990, were the following:
1. Elimination of remaining price controls coinciding with 300 to 600 percent increases in still state-controlled energy prices.
 2. Sharp devaluation of the zloty to a fixed exchange rate with the U.S. dollar while making it completely convertible both internally and internationally.
 3. Tripling the discount rate of the National Bank of Poland, which signaled a tight monetary policy.



36

4. Reduction of subsidies for SOEs as a share of government expenditures from 36 to 10 percent to reduce the budget deficit.

THE BALCEROWICZ PLAN

The key parts of the plan, which were implemented on January 1, 1990, were the following:

1. Elimination of remaining price controls coinciding with 300 to 600 percent increases in still state-controlled energy prices.
2. Sharp devaluation of the zloty to a fixed exchange rate with the U.S. dollar while making it completely convertible both internally and internationally.
3. Tripling the discount rate of the National Bank of Poland, which signaled a tight monetary policy.

Click to add notes



36

THE BALCEROWICZ PLAN

- 4. Reduction of subsidies for SOEs as a share of government expenditures from 36 to 10 percent to reduce the budget deficit.

37

THE BALCEROWICZ PLAN

- These policies pursued an IMF demanded stabilization plan, but it did not have to be used because Poland had already adopted a fiscal compact with its competitive entrepreneurship
- In the next several months came the introduction of a value-added tax, an income tax, a stock exchange, and moves toward privatization of small-scale enterprises. The last occurred rapidly, mainly at employee buyouts
- Not implemented because of political opposition to the large-scale privatization of large-scale enterprises despite being a requirement on Balcerowicz's agenda

38



Leszek Balcerowicz
First Finance Minister of Poland

39

THE SHOCK THERAPY

- The Shock Therapy includes:
- Sudden release of price and currency controls
 - Withdrawal of state subsidies
 - Immediate trade liberalization within a country
 - Large-scale privatization of previously public-owned assets

40

WHY WAS SHOCK THERAPY NEEDED?

- The Balcerowicz Plan resulted in decline of output due to the following reasons:
- Reduced Consumer Demands ← Falling Real Wages
 - Rising Costs ← Higher Taxes

THE BALCEROWICZ PLAN

4. Reduction of subsidies for SOEs as a share of government expenditures from 36 to 10 percent to reduce the budget deficit.

Click to add notes



36

THE BALCEROWICZ PLAN

- 4. Reduction of subsidies for SOEs as a share of government expenditures from 36 to 10 percent to reduce the budget deficit

37

THE BALCEROWICZ PLAN

- * These policies garnered an IMF organized stabilization fund, but it did not have to be used because Poland rapidly began to run a trade surplus with its competitive exchange rate.
- * At the same several months came the introduction of a value-added tax, an income tax, a stock exchange, and moves to allow privatization of small-scale enterprises. The last occurred rapidly, generally as employee buyouts.
- * Not implemented because of political opposition in the *Sejm* was privatization of large-scale enterprises, despite being a high priority on Balcerowicz's agenda.

38

Leszek Balcerowicz
First Finance Minister of Poland

39

THE SHOCK THERAPY

- The Shock Therapy includes:
- Sudden release of price and currency controls
 - Withdrawal of state subsidies
 - Immediate trade liberalization within a country
 - Large-scale privatization of previously publicly-owned assets

40

WHY WAS SHOCK THERAPY NEEDED?

- The Balcerowicz Plan started in decline of output due to the following reasons:
- Reduced Consumer Demands ↘ Falling Real Wages
 - Rising Costs ↗ Higher Taxes

THE BALCEROWICZ PLAN

- These policies garnered an IMF-organized stabilization fund, but it did not have to be used because Poland rapidly began to run a trade surplus with its competitive exchange rate.
- In the next several months came the introduction of a value-added tax, an income tax, a stock exchange, and moves to allow privatization of small-scale enterprises. The last occurred rapidly, generally as employee buyouts.
- Not implemented because of political opposition in the *Sejm* was privatization of large-scale enterprises, despite being a high priority on Balcerowicz's agenda.

Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline

**36 THE BALCEROWICZ PLAN**

- Reduction of subsidies for SOEs as a form of government expenditure from 36 to 10 percent to allow the budget deficit

37 THE BALCEROWICZ PLAN

- These policies prepared an IMF-managed environment that 'had to do its homework' before it could negotiate a loan package with its competitive exchange rate
- In the new environment corporate indebtedness of a system-addled state was restructured, and terms to foreign governments of previous debts under the last socialist model of principal as settlement became irrelevant
- New implementation by way of forced deportees, the 'Gypsies' was predominantly large-scale enterprises, downsize agriculture, industry, business, wages

38

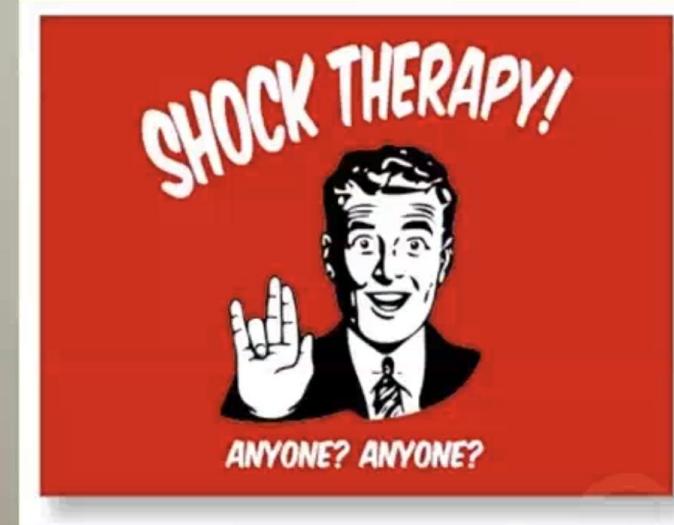
Leszek Balcerowicz
First Finance Minister of Poland

39 THE SHOCK THERAPY

- The Shock Therapy includes:
- Stabilization of price and currency controls
 - Withdrawal of state subsidies
 - Intermediate trade liberalization within a country
 - Large-scale privatization of previously public-owned assets

40 WHY WAS SHOCK THERAPY NEEDED?

- The Balcerowicz Plan caused inflation of output due to the following reasons:
- Reduced Consumer Demands → Falling Real Wages
 - Rising Costs → Higher Taxes



Leszek Balcerowicz
First Finance Minister of Poland

Click to add notes



Slides

Outline

36

THE BALCEROWICZ PLAN

- 4. Reduction of subsidies for SOEs via a limit of government expenditures from 36 to 10 percent to without the budget deficit

37

THE BALCEROWICZ PLAN

- These policies prompted an IMF-supported stabilization plan, but it did not succeed in stabilizing the economy and led to a trade surplus with no competitive performance.
- In the early 1990s, economic reforms were introduced, including a major reduction of state-owned enterprises and a reduced number of centrally planned enterprises.
- New implementation by way of increased importance of market forces was predominant in large-scale enterprises, despite strong opposition from various business groups.

38



Leszek Balcerowicz

First Finance Minister of Poland

39

THE SHOCK THERAPY

- The Shock Therapy includes:
- Sudden release of price and currency controls
 - Withdrawal of state subsidies
 - Immediate trade liberalization within a country
 - Large-scale privatization of previously public-owned assets

40

WHY WAS SHOCK THERAPY NEEDED?

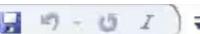
- The Balcerowicz Plan resulted in decline of output due to the following reasons:
- Reduced Consumer Demands → Falling Real Wages
 - Rising Costs → Higher Taxes

THE SHOCK THERAPY

The Shock Therapy includes:

- Sudden release of price and currency controls
- Withdrawal of state subsidies
- Immediate trade liberalization within a country
- Large-scale privatization of previously public-owned assets

Click to add notes



Slides

Outline

40

WHY WAS SHOCK THERAPY NEEDED?

- The Balcerowicz Plan resulted in decline of output due to the following reasons:
- > Reduced Consumer Demands ← Falling Real Wages
 - > Rising Costs ← Higher Taxes
 - > Higher cost of Credit ← reduction in availability of credits

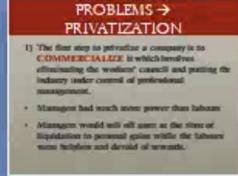
41



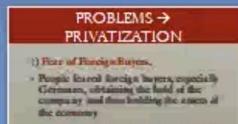
42



43



44



- > Fear of Foreign Buyers.
- > People feared foreign buyers, especially Germans, obtaining the bulk of the company and thus building the assets of the economy.

WHY WAS SHOCK THERAPY NEEDED?

The Balcerowicz Plan resulted in decline of output due to the following reasons:

- **Reduced Consumer Demands ← Falling Real Wages**
- **Rising Costs ← Higher Taxes**
- **Higher cost of Credit ← reduction in availability of credits**

Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline



40

WHY WAS SHOCK THERAPY NEEDED?

- The Balcerowicz Plan resulted in decline of output due to the following reasons:
- Reduced Consumer Demands ← Falling Real Wages
 - Rising Costs ← Higher Taxes
 - Higher cost of Credit ← reduction in availability of credits

41

42

PRIVATIZATION

- The privatization process included the following processes:
- Employee Buyouts ← Direct Privatization which would lead to management of employees and would vanish the labour unions
 - Liquidation of Assets ← Redistribution of assets according to the requirements
 - Trade sales to Specific Buyer ← Special privilege to big giants for bigger public industries
 - Offering stocks on public capital market ← Public Offering for individual buyers

43

PROBLEMS → PRIVATIZATION

- 1) The first step to privatize a company is to COMMERCIALIZE it which involves eliminating the workers' council and putting the industry under control of professional managers.
- Managers had much more power than labour
- Managers would sell off assets at the time of liquidation to personal gains while the labour were helpless and devoid of rewards.

44

PROBLEMS → PRIVATIZATION

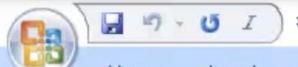
- 2) Fear of Foreign Buyers.
 - People feared foreign buyers, especially Germans, obtaining the hold of the company and thus holding the assets of the economy

PRIVATIZATION

The privatization process included the following processes:

- **Employee Buyouts** ← Direct Privatization which would lead to management of employees and would vanish the labour unions
- **Liquidation of Assets** ← Redistribution of assets according to the requirements
- **Trade sales to Specific Buyer** ← Special privilege to big giants for bigger public industries
- **Offering stocks on public capital market** ← Public Offering for individual buyers

Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline

X

41



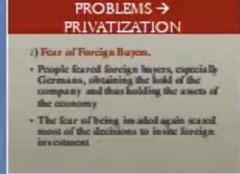
42



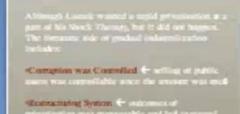
43



44



45

Comptroller was Committed
setting up of public bank
outcomes were conceivable since the owner was not included

Restructuring System outcomes of

Click to add notes

PROBLEMS → PRIVATIZATION

1) The first step to privatize a company is to **COMMERCIALIZE** it which involves eliminating the workers' council and putting the industry under control of professional management.

- Managers had much more power than labours
- Managers would sell off asset at the time of liquidation to personal gains while the labours were helpless and devoid of rewards.



Slides

Outline



41



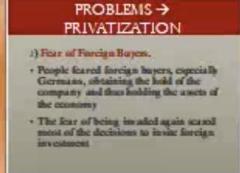
42



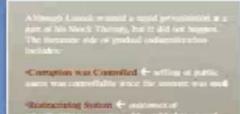
43



44



45

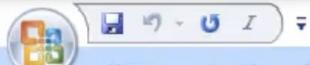


Click to add notes

PROBLEMS → PRIVATIZATION

2) Fear of Foreign Buyers.

- People feared foreign buyers, especially Germans, obtaining the hold of the company and thus holding the assets of the economy
- The fear of being invaded again scared most of the decisions to invite foreign investment



Home Insert Design Animations Slide Show Review View Acrobat

Slides Outline X

PRIVATIZATION

The privatization process included the following processes:

- Republic of Poland → **State Privatization** which would lead to management of employees and would cause the labour issues
- Liquidation of **Aeroflot** & **Railization** of assets according to the requirements
- **Industrial Specific Bank** → Special privatization bank given the task of privatization
- Offering stocks on **public capital market** → Public Offering of the individual banks

PROBLEMS → PRIVATIZATION

- 1) The first step to privatize a company is to **COMMERCIALIZE** it which involves removing the workers' council and putting the industry under control of professional management.
- Managers had much more power than labour
- Managers would sell off assets at the time of liquidation to personal gains while the labour were helpless and devoid of rewards.

PROBLEMS → PRIVATIZATION

- i) **Fear of Foreign Buyers.**
 - People feared foreign buyers, especially Germans, to gain the hold of the company and thus holding the assets of the economy
 - The fear of being imaded again staled most of the decisions to invite foreign investment

Although Laszek wanted a rapid privatisation as a part of his Shock Therapy, but it did not happen. The fortunate side of gradual industrialization includes:

- Corruption was Controlled ← selling of public assets was controllable since the amount was small

- Restructuring System ← outcomes of

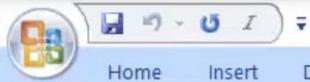
privatisation was manageable and led to several reforms

- Entrepreneur Culture ← Opportunities created by privatisation and less opportunities to own the public assets led to creation of new industries

Click to add notes

POLAND-LAND OF DEBT DEFAULTERS

The Polish government decided to take burden by consolidating their debts and then to pay the debts reduced by its burden. Lech Wałęsa made the rounds in an American speech in the U.S. Congress, which responded by cutting Poland's debts by 50%. This was a good deal because the debts have been a percentage of Poland as a result of debt default, decreased to its creditors. Shady reading, also called the entrance of Poland from its debts.



43

PROBLEMS → PRIVATIZATION

- 1) The first step to privatize a company is to COMMERCIALIZE it in such terms as eliminating the workers' control and putting the industry under control of professional management.
- Managers had much more power than workers
- Managers would sell off assets at the time of liquidation to personal gains while the workers were helpless and devoid of rewards.

44

PROBLEMS → PRIVATIZATION

- 2) Fear of Foreign Buyers:
 - People feared foreign buyers, especially Germans, obtaining the hold of the company and thus holding the assets of the economy
 - The fear of being invaded again scared most of the decisions to invite foreign investment

45

Although Lech Walesa wanted a rapid privatization as a part of his Shock Therapy, but it did not happen. The fortunate side of gradual modernization includes:

- Corruption was Controlled ← setting up public service was controllable since the money was small
- Reconstructing System ← outcome of privatizations was manageable and led to several reforms
- Entrepreneurial Culture ← Opportunities created by privatizations and low importance given over the public sector led to creation of new industries

46

POLAND-LAND OF DEBT DEFAULTERS

The Polish government reacted to the debt burden by negotiating about its debts and requesting a reduction of its burdens. Lech Walesa made the request in an emotional speech to the U.S. Congress, which responded by cutting Poland's formal debts to the United States in half. The result of this action has been a perception of Poland as a land of **debt defaulters**, in contrast to its neighbours, thereby reducing substantially the enthusiasm of potential foreign investors.

47

ECONOMIC STATUS

Poland has been one of the most successful of the transition economies

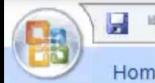
- Shock therapy brought inflation under control

POLAND-LAND OF DEBT DEFAULTERS

The Polish government reacted to the debt burden by complaining about its situation and requesting a reduction of its burden. Lech Walesa made the request in an emotional speech to the U.S. Congress, which responded by cutting Poland's formal debts to the United States in half. The result of this action has been a perception of **Poland as a land of debt defaulters**, in contrast to its neighbours, thereby reducing substantially the enthusiasm of potential foreign investors.

However, despite receiving less FDI than many of its neighbours relative to its size, Poland's record of economic success has continued and the fears of foreign investors have gradually receded.

Click to add notes



Slides

Outline

X

45

- Through shock therapy was a rapid privatisations & a lot of the state-owned firms but it did not happen. The downside side of greatest privatisations included:
- Companies were **privatised** → selling of state-owned companies once the money was made.
- **Stabilization** → countries of privatisations were unattractive and led to external investors.
- **Entrepreneurial culture** → Opportunities created by privatisations and free enterprises as most the public sector had no incentives or never had incentives.

46

POLAND-LAND OF DEBT DEFAULTERS

The Polish government reacted to the debt burden by defaulting. In fact, Poland made the choice to an unequal spending on the US Congress, which compensated for cutting the budget. This was the first appearance of Poland as a land of debt defaulters associated with confidence, thereby reducing confidence in Poland's political, economic change processes.

However, despite having lost 150 billion euros, its inflation rate is still one of the lowest among the transition economies due to the lack of fiscal discipline.

However, despite having lost 150 billion euros, its inflation rate is still one of the lowest among the transition economies due to the lack of fiscal discipline.

47

ECONOMIC STATUS

- Poland has been one of the most successful of the transition economies
- Shock therapy brought inflation under control
- Unemployment, though unstable initially, controlled in the long run

48

UNEMPLOYMENT TREND



49

ECONOMIC STATUS

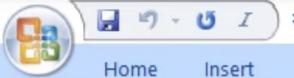
- New enterprises worked well
- Reduced most of its social safety net
- Income inequality has not increased as much
- GDP growing every year

ECONOMIC STATUS

Poland has been one of the most successful of the transition economies

- Shock therapy brought inflation under control
- Unemployment, though unstable initially, controlled in the long run

Click to add notes



Slides

Outline

X

45

Although Ląska wanted a rapid privatization as a part of Sir Shock Therapy, but it did not happen. The fortunate side of gradual industrialization includes:

- Corruption was Committed → willing of public assets was considerable since the amount was small

- Decentralizing System → outcomes of privatization was manageable and led to several sectors

- Entrepreneur Culture → Opportunities created by privatization and few opportunities to own the public assets led to creation of new industries

46

POLAND- LAND OF DEBT DEFAULTERS

The Polish government reacted to the debt burden by increasing the interest rates and decreasing the size of its budget. Lech Wałęsa made the request in an American speech in the US Congress, which responded by cutting Poland's budget. The result of the actions of the government has been a perception of Poland as a land of debt defaulters, in contrast to its neighbors, thereby reducing substantially the attraction of potential foreign investors.

However, despite being less FDI than many of its neighbors, relative to its size Poland's market and economic success has continued and the rate of foreign investments has gradually increased.

47

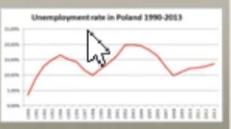
ECONOMIC STATUS

Poland has been one of the most successful of the transition economies

- Shock therapy brought inflation under control
- Unemployment, though unstable initially, controlled in the long run

48

UNEMPLOYMENT TREND



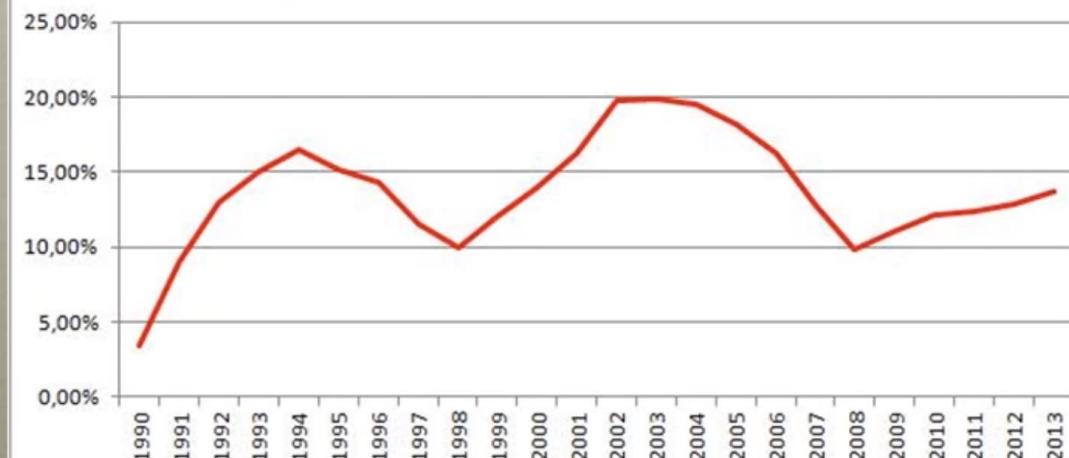
49

ECONOMIC STATUS

- New enterprises worked well
- Retained most of its social safety net
- Income inequality has not increased as much
- GDP growing every year

UNEMPLOYMENT TREND

Unemployment rate in Poland 1990-2013



Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline



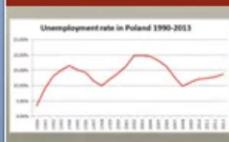
47

ECONOMIC STATUS

- Poland has been one of the most successful of the transition economies
- Shock therapy brought inflation under control
- Unemployment, though unstable initially, controlled in the long run

48

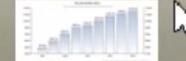
UNEMPLOYMENT TREND



49

ECONOMIC STATUS

- New enterprises worked well
- Retained most of its social safety net
- Income inequality has not increased as much
- GDP growing every year



50

ECONOMIC STATUS

With its flourishing economy, Poland has been performing better than its neighbors and can be rightly named as an external cheerleader for its neighbors.



51

POLISH ECONOMY TODAY

- Poland's high-income economy is the fifth largest in the EU and one of the fastest growing economies in Central Europe, with an annual growth rate of over 6.0% before the late-2008 recession
- It is the only member country of the European Union

ECONOMIC STATUS

- New enterprises worked well
- Retained most of its social safety net
- Income inequality has not increased as much
- GDP growing every year



Click to add notes



Slides

Outline



47

ECONOMIC STATUS

- Poland has been one of the most successful of the transition economies
- Shock therapy brought inflation under control
- Unemployment, though unstable initially, controlled in the long run

48

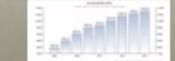
UNEMPLOYMENT TREND



49

ECONOMIC STATUS

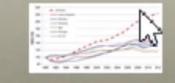
- New enterprises worked well
- Retained most of its social safety net
- Income inequality has not increased as much
- GDP growing every year



50

ECONOMIC STATUS

With its flourishing economy, Poland has been performing better than its neighbours and can be rightly termed as an external thermometer for its neighbours



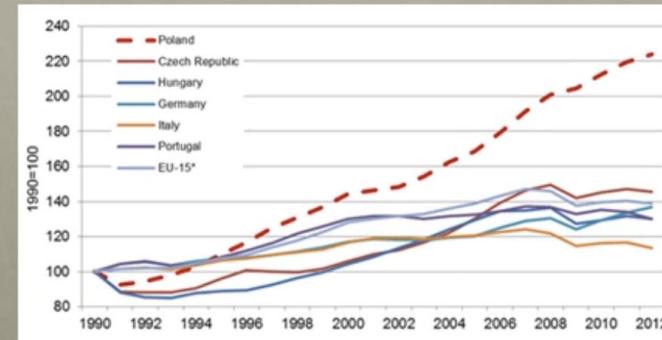
51

POLISH ECONOMY TODAY

- Poland's high-income economy is the fifth largest in the EU and one of the fastest growing economies in Central Europe, with an annual growth rate of over 6.0% before the late-2008 recession
- It is the only member country of the European Union

ECONOMIC STATUS

With its flourishing economy, Poland has been performing better than its neighbours and can be rightly termed as an external thermometer for its neighbours



Click to add notes



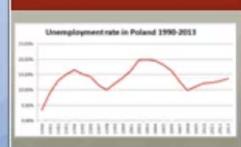
Slides

Outline



48

UNEMPLOYMENT TEND



49

ECONOMIC STATUS

- New enterprises worked well
- Retained most of its social safety net
- Income Inequality has not increased as much
- GDP growing every year



50

ECONOMIC STATUS

With its flourishing economy, Poland has become a leading force in its neighborhood and can be safely counted as an external cornerstone for its neighborhood.



51

POLISH ECONOMY TODAY

- Poland's high-income economy is the 6th largest in the EU and one of the fastest growing economies in Central Europe, with an annual growth rate of over 6.0% before the late-2000s recession

- It is the only member country of the European Union to have avoided a decline in GDP

As early as 1996, 70% of its trade was with the

EU members, and today

neighboring Germany is Poland's dominant

trading partner

52

POLISH ECONOMY TODAY

Most of Poland's imports of capital goods consist of industrial machinery and transport manufacturing inputs, rather than imports for consumption.

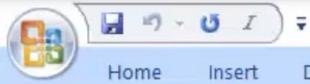
Poland is a founding member of the World Trade Organization and a member of the European Union.

The American Chamber of Commerce in Poland, founded

POLISH ECONOMY TODAY

- Poland's high-income economy is the 6th largest in the EU and one of the fastest growing economies in Central Europe, with an annual growth rate of over 6.0% before the late-2000s recession
- It is the only member country of the European Union to have avoided a decline in GDP
- As early as 1996, 70% of its trade was with the EU members, and today neighbouring Germany is Poland's dominant trading partner

Click to add notes



Slides

Outline

X

50

ECONOMIC STATUS

With its flourishing economy, Poland has become a performing factor that is its neighbours and can be easily copied as an external thermometer for its neighbours.



51

POLISH ECONOMY TODAY

- Poland's high-income economy is the 6th largest in the EU, and one of the most dynamic economies in Central Europe, with an annual growth rate of over 6.0% before the late-2008 recession.
- It is the only member country of the European Union to have avoided a decline in GDP.
- As early as 1996, 70% of its trade was with the EU members, and today neighbouring Germany is Poland's dominant trading partner.

52

POLISH ECONOMY TODAY

- Most of Poland's imports are capital goods needed for industrial retooling and for manufacturing inputs, rather than imports for consumption.
- Poland is a founding member of the World Trade Organization and a member of the European Union.
- The American Chamber of Commerce in Poland, founded in 1991 with seven members, now has more than 300 members. Strong economic growth potential, a large domestic market, EU membership, and a high level of political stability are the top reasons U.S. and other foreign companies do business in Poland.

53

FOREIGN BUSINESS IN POLAND

- Polish law is rather favorable to foreign entrepreneurs. The government offers investors various forms of state aid, such as: CIT tax at the level of 15%, and investment incentives in 14 Special Economic Zones.
- According to the National Bank of Poland (NBP) the level of FDI inflows into Poland in 2008 amounted to 13.9 billion Euro.

54

FOREIGN BUSINESS IN POLAND

- One of the main reasons why foreign tend to choose Poland to do business at the very heart of continental Europe, part of the same European road network and easy access to 290 million consumers within a radius of 1,000 kilometers.

POLISH ECONOMY TODAY

- Most of Poland's imports are capital goods needed for industrial retooling and for manufacturing inputs, rather than imports for consumption
- Poland is a founding member of the World Trade Organization and a member of the European Union
- The American Chamber of Commerce in Poland, founded in 1991 with seven members, now has more than 300 members. Strong economic growth potential, a large domestic market, EU membership, and a high level of political stability are the top reasons U.S. and other foreign companies do business in Poland

Click to add notes



Slides

Outline

X

50

ECONOMIC STATUS

With its flourishing economy, Poland has been performing better than its neighbours and can be rightly ranked as an external characteristic for its neighbours.



51

POLISH ECONOMY TODAY

- Poland's high-income economy is the 6th largest in the EU and the 10th largest economy in Central Europe, with an annual growth rate of over 6.0% before the late-2008 recession.
- It is the only member country of the European Union to have avoided a decline in GDP.
- As early as 1996, 70% of its trade was with the EU members, and today neighbouring Germany is Poland's dominant trading partner.

52

POLISH ECONOMY TODAY

- Most of Poland's imports are capital goods needed for industrial upgrading and for manufacturing imports, rather than imports for consumption.
- Poland is a member of the World Trade Organization and a member of the European Union.
- The American Chamber of Commerce in Poland, founded in 1991 with seven members, now has more than 100 members. Strong economic growth potential, a large domestic market, an EU member state, and a high level of political stability are the main reasons U.S. and other foreign companies do business in Poland.

53

FOREIGN BUSINESS IN POLAND

- Polish law is rather favourable to foreign entrepreneurs. The government offers investors various forms of state aid, such as: CIT tax at the level of 19% and investment incentives in 14 Special Economic Zones.
- According to the National Bank of Poland (NBP) the level of FDI inflow into Poland in 2006 amounted to 13.9 billion Euro.

54

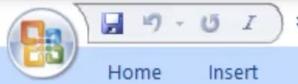
FOREIGN BUSINESS IN POLAND

- One of the main reasons why investors tend to choose Poland to do business at the very heart of continental Europe, part of the dense European road network and easy access to 250 million consumers within a radius of 1,000 kilometers.

FOREIGN BUSINESS IN POLAND

- Polish law is rather favourable to foreign entrepreneurs. The government offers investors various forms of state aid, such as: CIT tax at the level of 19% and investment incentives in 14 Special Economic Zones
- According to the National Bank of Poland (NBP) the level of FDI inflow into Poland in 2006 amounted to 13.9 billion Euro

Click to add notes



Home Insert Design Animations Slide Show Review View Acrobat

Slides

Outline

X

51

POLISH ECONOMY TODAY

- Poland's high-income economy is the fifth largest in the EU and one of the fastest growing economies in Central Europe, with an annual growth rate of over 6.0% before the late-2008 recession
- It is the only member country of the European Union to have avoided a decline in GDP
- As early as 1990, 70% of its trade was with the EU members, and today neighboring Germany is Poland's dominant trading partner

52

POLISH ECONOMY TODAY

- Most of Poland's imports of capital goods needed for industrial expansion are now manufactured within the country for consumption.
- Poland is a founding member of the World Trade Organization and a member of the European Union.
- The American Chamber of Commerce in Poland, founded in 1991 with an ensemble, now has more than 100 members and is the largest U.S.-based chamber of commerce outside the United States.
- Poland's political stability and the low cost of doing business in Poland

53

FOREIGN BUSINESS IN POLAND

- Polish law is rather favourable to foreign entrepreneurs. The government offers investment incentives of state aid, such as CIF loans for foreign investors and investment incentives in 14 Special Economic Zones
- According to the National Bank of Poland (NBP) the level of FDI inflow into Poland in 2004 amounted to 13.9 billion Euro

54

FOREIGN BUSINESS IN POLAND

- One of the main reasons why investors tend to choose Poland is its location at the very heart of continental Europe, part of the trans-European road network and easy access to 250 million consumers within a radius of 1,000 kilometers.
- Poland is a significant market of 38 million consumers driving 10% annual retail market growth. In the first quarter of 2007, the Polish economy recorded GDP growth of 7%, which is twice as much as the EU average.

55

FOREIGN BUSINESS IN POLAND

- According to an Ernst & Young report, Poland ranks 7th in the World in terms of its economic attractiveness. According to the OFCD report, in 2004 Poles were one of the hardest working nations in Europe.
- Imports → Over \$149.6 billion

FOREIGN BUSINESS IN POLAND

- One of the main reasons why investors tend to choose Poland is its location at the very heart of continental Europe, part of the trans-European road network and easy access to 250 million consumers within a radius of 1,000 kilometers
- Poland is a significant market of 38 million consumers driving 10% annual retail market growth. In the first quarter of 2007, the Polish economy recorded GDP growth of 7%, which is twice as much as the EU average

Click to add notes



Slides

Outline

X

52

POLISH ECONOMY TODAY

- Most of Poland's imports are raw materials needed for industrial production and for manufacturing inputs, rather than imports for consumption.
- Poland is a founding member of the World Trade Organization and a member of the European Union.
- The American Chamber of Commerce in Poland, founded in 1991, is the largest U.S.-based business association in Poland. Strong economy, growth potential, large domestic market, EU membership, and a high level of political stability are the main reasons U.S. and other foreign companies do business in Poland.

53

FOREIGN BUSINESS IN POLAND

- Polish law is rather favourable to foreign investors. Foreign government-owned investors working in state-owned arches: CIT has at the level of 19%, and investment incentives in 14 Special Economic Zones.
- According to the National Bank of Poland (NBP) the level of FDI inflow into Poland in 2006 amounted to 13.9 billion Euro.

54

FOREIGN BUSINESS IN POLAND

- One of the main reasons why investors tend to choose Poland is its location at the very heart of continental Europe, part of the trans-European transport network. It has about 250 million consumers within a radius of 1,000 kilometers.
- Poland is a significant number of 38 million consumers driving 10% annual retail market growth. In the first quarter of 2007, the Polish economy recorded GDP growth of 7%, which is twice as much as the EU average.

55

FOREIGN BUSINESS IN POLAND

- According to an Ernst & Young report, Poland ranks 7th in the World in terms of investment attractiveness. According to the OECD report, in 2004 Poles were one of the hardest working nations in Europe.
- Imports → Over \$149.6 billion
- Exports → Over \$136.7 billion
- Foreign Reserves → Over \$67.29 billion

FOREIGN BUSINESS IN POLAND

- According to an Ernst & Young report, Poland ranks **7th in the World** in terms of investment attractiveness. According to the OECD report, in 2004 Poles were one of the hardest working nations in Europe
 - Imports → Over \$149.6 billion
 - Exports → Over \$136.7 billion
 - Foreign Reserves → Over \$67.29 billion