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THE POWER OF IDEAS AT THE TIME OF UNCERTAINTY:
THE CASE OF POLAND (1945-1996)

By

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Abstract of the Dissertation

The Power of Ideas at the Time of Uncertainty: The Case of Poland (1945-1996)

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The major question of this study is: what explains Poland's transition to democracy and capitalism in 1989-1990? In answering this question, this study identifies three major factors. The first factor is Poland's economic and political crisis that had accumulated since the consolidation of Communist rule in Poland after World War II and led to the emergence of one of the largest mass movement in Eastern Europe, Solidarność. The second factor is ideational change, which is associated with every economic and political crisis, and its gradual transformative power in Poland from 1945. The third factor is the political transition that resulted from the 'roundtable' agreements and led to the rise of Solidarność to political power. The study uses historical analysis to study Poland's political and economic developments from the time of partition and traces the major critical turning events and their influence on the trajectory of institutional changes.

Dedication

To my inspiration, my mother Magda; and to the soul of my father
Barjes

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I would like first and foremost to thank my inspiration my mother, Magda, for her great love and the tremendous support she always gave me. Without you, Mom, I would not have been able to reach this stage of my education. Thank you from the bottom of my heart. Thank you, my sisters and my brothers, for your infinite support. Without your help I would not have been able to complete this project.

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Abbreviations

Acronym	<i>Polish</i>	<i>English</i>
AK	Armia Krajowa	Home Army
AWS	Akcja Wyborcza Solidarność	Solidarity Electoral Action
BBWR	Bezpartyjny Blook Wspierania Reform	Non-Party Bloc for Reform
CBOS	Centrum Badania Opinii Spoleczne	Centre for the Study of Public Opinion
FPD	Forum Prawicy Demokratycznej	Forum of the Democratic Right
GUS	Główny Urząd Statystyczny	Main Statistical Office
KIK	Klub Inteligencji Katolickiej	Club of Catholic intelligence
KK	Komisja Krajowa	Solidarity's National Commission
KKP	Krajowa Komisja Porzumiewawcza	Solidarity's National Co-coordinating Commission
KLD	Kongres Liberalno Demokratyczny	Liberal Democratic Congress
KOK	Komitet Obrony Kraju	Committee for the Defense of the Country
KOR	Komitet Obrony Robotników	Workers Defense Committee
KPN	Konfederacja Polski Niepodległej	Confederation for an Independent Poland
LiS	Liga i Samoobrona	League and Self- Defense
LPR	Liga Polskich Rodzin	League of Polish Family
MON	Ministerstwo Spraw Wewnętrznych	Ministry of Interior
MSZ	Ministerstwo Spraw Zagranicznych	Ministry of Foreign Affairs

NSZZ	Niezalecny i Samorządny Związek Zawodowy	Free and Self-Governing Trade Union
NZS	Niezalecny Związek Studentów	Independent Union of Student
OBOP	Osrodek Badania Opinii Publicznej	Centre for Public Opinion Research of Polish Radio and TV
OBOS	Osrodek Badan Społecznych	Solidarity's Centre for Social Studies
OKP	Obywatelski Klub Parlamentary	Citizen's Parliamentary Club
OPZZ	Ogólnopolskie Porozumienie Związków Zawodowych	All Poland Alliance of Trade Unions
PAP	Polska Agwncja Prasowa	Polish Press Agency
PAN	Polska Akademia Nauk	Polish Academy of Sciences
PC	Porozumienie Centrum	Centre Alliance
PChD	Partia Chrzescijanskich Demokratów	Party of Christian Democrats
PiS	Prawo i Sprawiedliwość	Law and Justice
PO	Platforma Obywatelska	Civic Platform
POC	Porozumienie Obywatelskie Centrum	Civic Alliance Centre
PSL	Polskie Stronnictwo Ludowe	Polish Peasant Party
PPS	Polska Partia Socjalistyczna	Polish Socialist Party
PPPP	Polska Partia Prztjaciół Piwa	Polish Friends of Beer Party
PPZ	Polska Partia Zielonych	The Polish Green Party

PR	Polska Rzeczpospolita	The Polish Republic
PRL	Polska Rzeczpospolita Ludowa	Polish People's Republic
PRON	Patriotyczny Ruch Odrodzenia Narodowego	Patriotic Movement for National Rebirth
PUS	Polska Unia Socjal-Demokratyczna	Polish Social Democratic Union
PZPR	Polska Zjednoczona Partia Robotnicza	Polish United Workers Party
RdR	Ruch dla Rzeczypospolitej	Movement for the Republic
ROAD	Ruch Obywatelski Akcja Demokratyczna	Civic Movement for Democratic Action
ROP	Ruch Odbudowy Polski	Movement for the Rebuilding of Poland
RP	Ruch Palikota	The Palikot Movement
RSW	Prasa-Książka-Ruch	The Workers Publishing Cooperative
RWD	Ruch Wolnych Demokratów	The Movement of Free Democrats
‘S’	Solidarność	Solidarity
SB	Sluzba Bezpieczeństwa	Security Service
SD	Stronictwo Demokratyczne	Democratic Party
SDP	Stowarzyszenia Dziennikarzy Polskich	The Association of Polish Journalist
SdPL	Socjaldemokracja Polska	Social Democracy of Poland
SdRP	Socjaldemokracja Rzeczypospolitej Polskiej	Social Democracy for the Republic of Poland
SKL	Stronictwo Konserwatywno – Ludowe	Conservatives People's Party

SLD	Sojusz Lewicy Demokratycznej	Alliance of the Democratic Left
SO	Samoobrona	Self-Defence
TS	Tygodnik Solidarnosc	Solidarity Weekly
UD	Unia Demokratyczna	Democratic Union
UOP	Urząd Ochrony Państwa	Bureau for State-Protection
UP	Unia Pracy	Labour Union
UPR	Unia Polityki Realnej	Union of Real Politics
UPR	Unia Prawicy Rzeczypospolitej	Union of the Right of the Republic
UW	Unia Wolności	Freedom Union
WAK	Wyborcza Akcja Katolicka	Catholic Election Action
WOG	Wielkie Organizacje Gospodarcze	Great Economic Organization
WRON	Wojskowa Rada Ocalenia Narodowego	Military Council of National Salvation
ZChN	Zjednoczenie Chrześcijańsko- Narodowe	Christian National Union
ZLP	Związek Literatów Polskich	Union of Polish Writers
ZOMO	Zmotoryzowane Odwody Milicji Obywatelskiej	Mobile Units of the Citizen's Militia
ZSL	Zjednoczone Stronnictwo Ludowe	United Peasant Party

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Chapter One: Introduction

Poland is in need. Through mutual efforts we must raise the country out of crisis. Before us is reform of the state, the creation of a *rational economic system*, and the granting to Poland of a democratic Constitution. We are traveling a good road, but to travel it a unified effort by us all is needed.
-Bronisław Geremek (1989).¹

The transformation that ended the era of real socialism in Poland and introduced political pluralism and parliamentary democracy proceeded calmly, in the spirit of political culture displayed by a nation aware of its own history and place in Europe.
-Czesław Kiszczak (1990).²

The economic and political transition from communism to democracy and a capitalist market economy in Poland and other Eastern European states in 1989-1990 was a historical watershed moment. This transformation was a remarkable phenomenon for political scientists and social scientists working on transition politics. Scholars presented different causal factors in order to understand the trajectory of institutional changes that took place in 1989-1990. Poland's transition to democracy and capitalism was a complex process. Several researchers have looked at democratization and social movement theories, which focus mainly on identifying material/structural causes of transition and on the role of actors, in particular, the role of leadership and elites in this process. Recently, a new wave of research has focused on the role of ideas in institutional change. Both theories

¹ *Warsaw Domestic Service*, "Bronisław Geremek, Tadeusz Mazowiecki, and Lech Wałęsa

² *Warsaw TRYBUNA KONGRESOWA*, "Kiszczak Looks Back on the Roundtable Talks." Article by Internal Affairs Minister Czesław Kiszczak "On the Anniversary of the 'roundtable,' February 2, 1990. FBIS-EEU-90-030. 13 February 1990. P: 62.

present valid explanations for the phenomenon of transformation. In this study I combine both historical institutionalism and ideational theories in an attempt to present an in-depth analysis of the process of political and economic change that started in Poland with the arrival of communism in 1945. By bringing both the historical institutionalism approach and ideational theories, one can achieve a better understanding of the process of institutional change.

Dissertation Questions:

The principal question for this study is: what explains Poland's transition to democracy and capitalism in 1989-1990? The specific questions are: How did the inherited political and economic crisis influence the process of institutional change in Poland? In what ways have ideational changes impacted the trajectory of institutional change and the reform process? And how does the political development and transition contributed to this process? Several scholars have presented different answers to these questions using different theories and methods. This study, as mentioned above, will bridge the gap between material and ideational explanations by bringing both into the study of Poland's political and economic transition to democracy and capitalism in 1989-1990. My research on Poland, therefore, seeks to contribute to the field of transition theory and to our understanding of the process of institutional change.

The Argument

To answer the above-mentioned questions, this study identifies three interrelated factors. The first factor is the political and economic crisis, which had accumulated in Poland after its conversion to Communism after World War II. Since the establishment of state socialism in Poland, the country departed from its historical roots of a multi-party democratic and capitalist system. State socialism in Poland was characterized by economic crisis and political stalemate which led to the emergence of opposition movements, in particular to the rise of the Solidarność movement. The second factor is the ideational changes in Poland since the consolidation of communism. The first ideational battle was between two groups of socialists, the pro-Soviet groups which advocated direct imitation of the Soviet economic model, and the national variant which advocated a 'Polish road' to socialism. Different ideas of reform emerged in an attempt to resolve the economic crisis and workers' discontent, among them self-management, market socialism and market capitalism ideas. Each idea presented a solution to the economic and political crisis which had emerged at a time of uncertainty. The third factor is the political transition after the June 1989 elections which led the rise of Solidarność to political power. Deep economic crisis led to the ascendancy of liberals, such as Leszek Balcerowicz and his economic team to powerful political positions. Balcerowicz and his team were familiar with Poland's economic situation and had an alternative economic program to restructure the Polish economy toward a capitalist market economy. The process of building a new democratic multi-party system accelerated simultaneously.

Brief overview

History matters. To “assert that ‘history matters’ is insufficient; social scientists want to know why, where, and how.”³ In order to understand the direction of institutional changes that took place in different periods of Poland’s history, one has to take history seriously. Thus, “temporal ordering is often a critical element of explanation.”⁴ Following this logic, this study traced the political, social, and economic history of Poland prior to and after its conversion to socialism after World War II. Poland’s history is full of ‘turning points’ that influenced its political and economic development. To start with, Poland’s geostrategic position in Central Europe brought conflict and war. Poland was divided between Russia, Prussia and Austria in a series of partitions at the end of the 18th century, followed by another partition in 1939 when Poland was invaded by Germany. These losses of sovereignty led to the creation of different political and economic institutions in different parts of Poland. In addition, they hindered the development of academic and social life. These developments had led to the emergence and decline of different ideas.

At the beginning, socialist ideas were embraced by young Polish students in Russian universities, who started to organize themselves and disseminate their ideas of social justice and social revolution. They formed the First Proletariat in 1882. After a very short period of time, the Tsarist regime arrested the ‘Proletariat’ members and repressed them, and with it came the end of the ‘Proletariat.’ Several socialist and communist parties emerged but they represented a minority afterward. After Poland

³ Paul Person, “Not Just What, but When: Timing and Sequence in Political Process,” *American Political Development* 14, issue 1 (Spring 2000): 72.

⁴ *Ibid.*, 73.

regained its independence in 1918, the leadership in the newly born country needed to integrate all three parts of partitioned Poland under similar institutional settings. A new multi-party and capitalist system emerged, but this ended with the German invasion of Poland in 1939. During World War II and the German occupation of Poland, “a ‘secret state’ operated - an underground leadership of the nation, structured on a multi-party basis.”⁵ After the liberation of Poland by the Soviets and the Polish Home Army troops, a new government was formed which included members of the government in exile in London. With support from the Soviet Union, communist party occupied positions of power in the government and started the process of Sovietization in Poland and other Eastern European countries. As mentioned before, two groups of socialist emerged after the war with different sets of ideas. The first group championed the Soviet model and supported Poland’s direct imitation of this model. Among its advocates was Bolesław Bierut, the head of the government. The other group supported the idea of a ‘national variant’ - Polish road to socialism. Władysław Gomułka was a member of this group, but was later expelled from the Party and accused of being ‘rightist.’ The former group won the battle for domination and eliminated all anti-socialist movements in the country. The Communist party faced no threats to its domination. After the merger between the *Polska Partia Socjalistyczna* (the Polish Socialist Party-PPS) and the *Polska Partia Robotnicza* (Polish Workers’ Party-PPR) in 1948, the *Polska Zjednoczona Partia Robotnicza* (the Polish United Workers Party-PZPR) was formed. With this merger of the socialist and the communist parties, the PZPR became the only Party, and dominated political and economic affairs in Poland. The government started its first economy plan with the

⁵ Tadeusz N. Cieplak, *Poland Since 1956: Readings and Essays on Polish Government and Politics Selected and Edited* (TWAYNE Publishers, INC: New York, 1972), 45.

collectivization and heavy industrialization of the Polish economy. Political and economic centralization led to several protests and demonstrations that were met with violence. The revisionist movement emerged when Gomułka returned to Power in 1956 in the so-called 'Polish October.' A new period of institutional change started which broke the rigidity of the old institutions. The de-Stalinization period began and there was a short period of political liberalization. During Gomułka's period in power, the idea of self-management re-emerged as a new reform plan for the economic crisis. The New Economic Council, headed by Oskar Lange, was formed in order to find new ideas to reform the economy which suffered from stagnation and chronic shortages in consumer goods.⁶ The Council supported the idea of self-management through the formation of workers' councils to decentralize the economy. The government allowed the formation of worker's councils for workers to participate in the management of the economy. The core premise of the idea of self-management was that worker's participation in the management of the economy would decentralize and incentivize the economy. In addition, self-management envisioned a system where the means of production would be in the hands of workers (social ownership) instead of the state (state-ownership). The revisionist movement emerged during this time of political liberalization. Using Marxist language, revisionists criticized government bureaucratization and centralization and demanded the abolition of the *nomenklatura* system. For them, *nomenklatura* represent a class by itself. Revisionists also attempted to reform the Party from within, but failed because, as argued by Adam Michnik, they lacked a coherent set of ideas.⁷ Members of

⁶ Zbigniew Landau and Jerzy Tomaszewski, *The Polish Economy in the Twentieth Century* (St. Martin's Press, 1985).

⁷ Stan Persky and Henry Flam, *The Solidarity Source Book* (New Star Books: Vancouver, 1982), 59-60.

the revisionist movement were met with repression from the government. They were expelled from the Party and accused of being anti-socialist. The demise of the revisionist movement signaled the weakness of socialist ideas. The government retained control over the management of enterprises, depriving workers of control over the management of their enterprises. In 1976, *Komitet Obrony Robotników* (The Workers' Defense Committee-KOR) was formed, aimed at helping families of workers who were imprisoned after the June 1976 workers' protests. Several opposition movements start to form, advocating an anti-state and anti-communist stand.

One of the major turning points that led gradually to the collapse of state socialism and to the dissolution of Communist domination in Poland was the emergence of Solidarność. New waves of strikes hit Poland after the government announced price increases in July 1980. Solidarność presented its first demand to the government: the legalization of an independent trade union. In July, the strikes spread to Lublin, Poznan, Warsaw, Chelm, Krasnik, Stalowa Wola, Wrocław and, in August, to the Gdansk Lenin Shipyard.⁸ On August 30, the government reached an agreement with Solidarność and allowed the formation of the first independent trade union in Eastern Europe.

During its first year, Solidarność had ten million members. Solidarność's major demand was the creation of authentic self-management bodies in state enterprises and the abolition of the *nomenklatura* system. The basic idea of self-management "is opposed to the centralized power of the state."⁹ The idea of self-management has historical roots in Poland and also has a long history in Europe. In France, for example, *comites d'*

⁸ Lawrence Weschler, *Solidarity: Poland in the Season of its Passion* (Fireside book: Simon and Schuster, 1982), 257.

⁹ Maria Hirszowicz, "Industrial Democracy, Self-management and Social Control of Production." In *The Socialist Idea: A reappraisal*, edited by Leszek Kolakowski and Stuart Hampshire, pp: 196-216, (London: Weidenfeld and Nicolson, 1974), 213.

entreprise were created after 1968 protests.¹⁰ There were also requests for workers' councils after the demise of Fascism in Italy.¹¹ The significance of the development of self-management for workers, according to Maria Hirszowicz, attribute to the fact that, "The new institutions seem to challenge the existing authority structures by enforcing- at the level of the firm- the principle of co-government and by creating new instruments of permanent, through selective, control of managerial activities by the workers' representatives."¹²

In Solidarność's first and only congress held in September-October 1981, the program concentrated on economic reform and, to a lesser extent, on political reform. Solidarność avoided a direct challenge to the monopoly of the Communist Party. However, Solidarność's demands for free-elections and sweeping economic reform were perceived as a threat to the Communist Party. On December 13, 1981, the government declared martial law and de-legalized Solidarność. Throughout the 1980s, the government attempted different economic reform plans, including major liberalization and marketization of the economy. After Gorbachev came to power in the Soviet Union, a new wave of political and economic reform started. The government attempted to reconcile with the society and the idea of the 'roundtable' emerged in 1988. The 'roundtable' agreement was another turning point in Polish history. It paved the road for peaceful democratic transition and its impact reached other countries in Eastern Europe. The major agreement reached during the 'roundtable' negotiations was the reinstatement of the Senate, and the office of presidency. The government-coalition side at the political reform sub-table agreed to allow the opposition to run for 35 percent of the *Sejm* seats

¹⁰ Ibid., 205.

¹¹ Ibid.

¹² Ibid.

and to run for all seats in the newly formed Senate. After the election, Solidarność won all seats but one for the Senate and all seats allocated for the opposition at the *Sejm*. This massive victory constituted another turning event in Poland, which accelerated the process of political and economic institutional change. The first Solidarność government had no clear economic program. Mazowiecki, therefore, selected Leszek Balcerowicz, an advocate for a free-market economy, who was already aware of Poland's economic situation due to his involvement with government reform in 1978. Balcerowicz believed that the only available option for Poland was to radically restructure its economic system from central planning to a capitalist market economy. The process of democratization accelerated after the first Solidarność government announced immediate constitutional changes in late 1989 that abolished the 'leading role of the Party.' Timing is an important factor in understanding institutional change. An in-depth historical case study of Poland helps us understand the process of change and the role played by different actors in this process.

Methodology

This study is classified as an in-depth case study. Historical analysis is deployed here in order to reconstruct and contextualize major political and economic events since the time of Poland's partition until 1996. George and Bennett define case study as "the detailed examination of a historical episode to develop or test historical explanations that may be generalizable to other events,"¹³ while John Gerring defines it as "an intensive

¹³ In Alexander George and Andrew Bennett, *Case studies and theory development in the social sciences* (Cambridge, Mass.: MIT Press, 2005): 5.

study of a single unit for the purpose of understanding a larger class of (similar) unit.”¹⁴ I use case study analysis of Poland to reveal the causal mechanisms that link causal factors and effect (outcome). The study employs the method of process tracing, which is “closely related to historical explanation.”¹⁵ The process tracing method, according to George Bennett and Jeffery Checkel, means “the analysis of evidence on processes, sequences, and conjunctures of events within a case for the purposes of either developing or testing hypothesis about causal mechanisms that might causally explain the case.”¹⁶ The use of process tracing here helps to trace critical events and contextualize them.

Data Sources

The primary sources of this study are Polish newspapers, interviews and reports obtained from the Foreign Broadcast Information Services (FBIS) of Eastern Europe, Poland reports. FBIS reports provided valuable information and data which were very helpful in reconstructing historical events. These daily reports, translated from Polish, provide valuable news and information about events that took place from the early 1960s until 1996. Alongside FBIS daily reports, I utilized the Economist Intelligence Unit (EIU) reports of Poland from 1972 until 2015, also in order to construct historical events and obtain economic and political data. EIU reports cover political and economic events in Poland and present macro-economic indicators for each year. They also look at several sectors of the economy and provide forecasts based on their performance. Different

¹⁴ John Gerring, “What is a Case Study and What is it Good for?,” *American Political Science Review* 98, no.2 (May 2004): 342.

¹⁵ George Bennett and Jeffery Checkel, *Process Tracing: From Metaphor to Analytic Tool* (Cambridge University Press, 2015), 8.

¹⁶ *Ibid.*, 7-8.

books, journal articles and autobiographical books of major actors in Poland were also used.

Key Concepts:

- Institution: there are several definitions of institutions.¹⁷ I adopt the definition of Douglass North of institutions as “the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints rules (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights).”¹⁸
- Transition: in general it means a transformation from one institutional setting and the creation of new one. I adopt the definition of transition by Guillermo O’Donnell and Philippe Schmitter. O’Donnell and Schmitter define transition as “an interval between one political regime and another.”¹⁹
- Ideas: there are several definitions for ideas. Schmidt identifies three levels of ideas, programmatic, policies and philosophies. Programmatic ideas “underpin policy ideas and change.”²⁰ Ideas contain two types of aspects: cognitive or causal - what is the problem and what to do about it- and normative aspect- “what one

¹⁷ See chapter two for historical institutionalism definition of institution.

¹⁸ Douglass C. North, “Institutions,” *The Journal of Economic Perspectives* 5, no.1 (Winter 1991): 97. Institutional approach concentrated on the role of institution in creating formal and informal rules that constrain the behaviors of major actors and the formation of policies. Different school of thought emerged, historical institutionalism, rational choice institutionalism, sociological institutionalism and recently, discursive institutionalism. The major approach used in this study is historical institutionalisms focus on history and context in the explanation of institutional continuity and changes.

¹⁹ Guillermo O’Donnell and Philippe Schmitter, *Transitions from Authoritarian Rule: Tentative conclusions about uncertain democracies* (John Hopkins University Press, 1986), 6.

²⁰ Vivien Schmidt, “Analyzing Ideas and Tracing Discursive Interactions in Institutional Change: From Historical Institutionalism to Discursive Institutionalism.” Paper prepared for presentation for the panel: “Ideas, Power and Public Policy,” at the Annual Meetings of the American Political Science Association, Washington DC (Sept. 2-5, 2010): 7.

ought to do about it.”²¹ I refer to ideas in this study as a “programmatic idea” because, as stated by Schmidt, “they define the problems to be solved by such policies, the issues to be considered, the goals to be achieved, the norms, methods and instruments to be applied, and the objectives and ideals which all in all frame the more immediate policy ideas proposed as solutions for any given problem.”²² Programmatic ideas concerns with the cause and effect relationship. In another words, programmatic idea identifies the problem and offer/present a solution to it.

Structure of the dissertation

Each chapter starts with an introduction, which introduces the reader to the major argument of the chapter and the overall structure of the chapter, and it then proceeds with detailed analysis. At the end of each chapter, a summary section restates the argument and summarizes the whole chapter.

Chapter Two introduces the theoretical framework of the dissertation. In this chapter, transition literatures discussed with an emphasis on the role of *crisis* in transition to democracy and the relationship between democracy and economic development. It follows by a discussion of historical institutionalism approach. Then ideational theories that focus on the role of ideas in institutional change are explored. The aim here is to develop a new theoretical understanding that combines both ideational theories and historical institutionalism.

²¹ Vivien Schmidt, “Discursive Institutionalism: The Explanatory Power of Ideas and Discourse,” *The Annual Review of Political Science*, (June 2008). Accessed online through ResearchGate.

²² Ibid., 4.

Chapter Three introduces the first causal factor that explains Poland's transition to democracy and capitalism: accumulation of political and economic crises. The first section of the chapter covers the partition period of Poland and its impact on the development of political and economic institutions. The second section traces the period since the consolidation of communism in Poland in 1945. In this period different economic and political crises erupted which led to several protests and demonstrations. The third section deals with the rise of opposition movements and the rise of *KOR* in 1976. A large part of this section covers the emergence of the first independent trade union, *Solidarność*, in 1980 and its economic and political agenda. The chapter ends with in 1988 when the last PZPR government commenced its consolidation plan.

Chapter Four looks at the second major causal factor in Poland's transition to democracy and capitalism: ideational changes. This chapter traces the emergence of the first socialist party in partitioned Poland, the 'Proletariat.' It focuses on its political, economic and moral program. The following section covers the period of communist consolidation after World War II. It then explains the reasons for the emergence and decline of socialist ideas. The next section looks at the status of self-management and the market socialism idea. The last section of this chapter deals with the ascendancy of free-market ideas in Poland and the origin of 'Balcerowicz plan.'

Chapter Five is dedicated to the discussion of the 'roundtable' negotiations and agreements in February until April of 1989. The first part of the chapter deals with the emergence of the 'roundtable' idea in late 1988. The second section looks in detail to the major three sub-tables: the political reform, the economic and social reform and the trade pluralism sub-tables. Each sub-table's major topics and points of convergence and

divergence between the government-coalition and the Solidarność-opposition side are discussed. The chapter ends with the major agreements signed after the conclusion of the 'roundtable' in April. One of the major results of the 'roundtable' was the call for election to the *Sejm* and the Senate in June 1989.

Chapter six present the last major causal factor in this study: political transition in mid 1989. Political transition in Poland was described as a pact transition. Pact transition defined by Guillermo O'Donnell and Philippe Schmitter as "an explicit, but not always publically explicated or justified, agreement among a select set of actors which seeks to define (or better, to redefine) rules governing the exercise of power on the basis of mutual guarantees for the 'vital interests' of those entering into it."²³ Chapter six first presents the overall circumstances that surrounded the elections of June 1989. It looks at the results of the semi-democratic elections of the newly formed Senate and the *Sejm*. Solidarność's victory and its sudden rise to political power is at the center of discussion in chapter. The selection of Leszek Balcerowicz as Deputy Prime Minister and Minister of Finance facilitated the rise of liberals into powerful political positions. The following section looks at the radical economic reform plan, the 'Balcerowicz Plan.' It then present the results of the 'first' and 'second' stage of stabilization and ownership transformation in Poland in 1990. Political instability and uncertainty increased after the commencement of the Balcerowicz Plan. Political transition accelerated with calls for early presidential and *Sejm* elections. The process of privatization stalled in 1991 due to political instability. Liberals were the drivers of institutional change in Poland but their power started to wane due to negative reactions to the 'Balcerowicz Plan.' The rise of the left in

²³ O'Donnell and Schmitter 1986: 37.

the *Sejm* and the Senate elections in 1993 are discussed with particular attention to the causes of the ascendancy of the post-communist parties. The chapter covers the period from 1989 until 1996, with a brief look at the election of October 2015.

Chapter seven is the concluding chapter. This chapter re-states the argument and summarizes the findings of each chapter. It finishes by stating the major contribution of this study.

Chapter Two: Theoretical Framework

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood.

-J. M. Keynes, *The General Theory of Employment, Interest and Money* (1964).²⁴

The fast political and economic transition from communism to democracy and market economy in Eastern Europe in the 1990s has been preceded and paralleled by a lengthy and yet unfinished transition in the realm of economic and political ideas.

-Paul Dragos Aligica and Anthony J. Evans (2009).²⁵

Introduction

A plethora of theories and approaches in comparative politics, international relations and political economy fields has been applied to explain the democratization and economic transition process in Poland and other Eastern European countries in 1989-1991. Eastern European countries have been a laboratory for different theories and approaches in social science. In particular, ‘transitology’ theorists have tried to understand the huge transformation that took place in 1989 and 1990 in Eastern Europe and explain the causes of democratic transition. Consolidation theories, on the other hand, are concerned with understanding democratic longevity and endurance of democratic system in Eastern Europe. Social movement literatures also emerged to cover the cause of the rise of opposition movements and their tactics of change. They have looked, in particular, at political opportunity structure, when the opportunity appeared for

²⁴ John Maynard Keynes, *The general Theory of Employment, interests, and Money* (New York: Harcourt: Brace Jovanovich, 1964).

²⁵ Paul Dragos Aligica and Anthony J. Evans, *The Neoliberal Revolution in Eastern Europe: Economic Ideas in the Transition from Communism* (Edward Elgar: UK, 2009), 1.

social movements to influence change. In addition, they explain the frameworks and ideas of leaders of the movement.

A crisis point is a time when a window of opportunity emerges because of domestic crisis (political or economics, or both) or external shock (global financial crisis or war). Uncertainty increases during times of crisis. At such times ideas play a crucial role, alongside structural/material factors. That is to say, both actors' ideas and material conditions influence and direct the process of institutional change. The actors' ideas and preferences are important to understand the agenda of social movements and their vision of institutional change. One must, therefore, look at structural, ideational and external factors in order to understand the direction and rhythm of institutional changes.

Many researchers have advocated the use of case studies because each case is distinct from another. In order to understand the process of institutional change there is a need to trace the historical roots of the major social movements. In-depth case study provides the researcher an opportunity to contextualize major factors in time and place. This study, therefore, followed a qualitative case study analysis to understand the process of democratic transition and economic transition in Poland. The first part of this chapter will cover transition theories. The second part will cover the new institutionalism approach, in particular, historical institutionalism. The following section will cover ideational theories. The major aim of this chapter is to present different theories that try to understand the process of institutional change. In this study, I combine both institutional approaches with ideational theories as my major theoretical lens. These theories by themselves are not sufficient to understand the process of change in Poland. I therefore present historical institutionalism and ideational theories to complement each

other. In addition, I utilized theories of transition in order to explain the cause of the emergence of oppositional movements in Poland.

Transition theories

Transition theories attempt to understand the causal factors for transition from one regime to another, in particular, from an authoritarian regime to a democratic one. The focus of this study is on the causes of democratic transition in Poland. It is important, thus, to review the literature on democratic transition theory. Democratization theories cover a wide range of factors in order to explain the causes of the destabilization of the old institutional settings and the role of elites in the process of change. The first set of theories on democratic transition concentrated on modernization theory. The essence of modernization theory is social change through urbanization, industrialization, education and an increase in per capita income. These factors lead to social changes and to the emergence of the middle class. With the rise of a middle class, new unions will form and press for further political liberalization. Modernization, for several scholars, is associated with democratic transition and consolidation.

The relationship between economic development and democracy has been established in several scholarly articles and books. However, it is still a debatable topic to say that economic development will necessarily lead to democracy. One of the crucial studies that traced the major causes of democratic transition and presented the prerequisite conditions for democratic transition was Martin Lipset's study in 1959. Lipset established the link between economic development and democracy which has until today remained a debatable topic. For Lipset, "the more well-to-do a nation, the larger

the chances that it will sustain democracy.”²⁶ Lipset argued that modernization causes democracy. Lipset built a strong correlation between economic development and democracy through a large number of cases. Wealth contributes to education and increases the level of literacy. In addition, it leads to urbanization and industrialization and the creation of a middle class, which will lead eventually to the creation of unions and civil society that will press for more rights, and then will lead to the establishment of democracy. In general, Lipset argued that wealth contributes to democratic transition and the consolidation of democracy while inequality maintains tyranny or oligarchy.

The relation between economic development and democracy has been debated and challenged by several scholars. Adam Przeworski, Michael Alvarez, José Antonio Cheibub, and Fernando Limongi argued that there is no relations between democratization and economic development, however, when emerge, for whatever reason, wealthier countries will remain democratic.²⁷ Przeworski et al argued that economic development is not the major cause for democratic transition. They made a distinction between the issue of transition and survival. They believed that countries can transit to democracy at any level of economic development, but the chances of democracy surviving are higher when the level of economic development is higher. They, therefore, rejected the argument that economic development lead to democratic transition. They distinguished between two concepts - ‘endogenous’ theory, which entails that

²⁶ Seymour Martin Lipset, “Some Social Requisites of Democracy: Economic Development and Political Legitimacy,” *The American Political Science Review* 53, no. 1 (1959): 75.

²⁷ See Adam Przeworski, Michael E. Alvarez, José Antonio Cheibub, and Fernando Limongi, What Makes Democracies Endure?, *Journal of Democracy* 7, no. 1 (January 1996): 39-55; Adam Przeworski, Michael E. Alvarez, José Antonio Cheibub, and Fernando Limongi, *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990* (New York: Cambridge University Press, 2000); and Przeworski and Limongi, “Modernization: Theories and Facts,” *World Politics* 49 (January 1997).

economic development will lead to democratization, and exogenous theory, which proposes that democracy is less likely to fall to dictatorship when it emerges in wealthier countries.²⁸ They accepted the exogenous theory of democratization, in which democracy will be retained if it emerges in wealthier countries; and they rejected the indigenous theory that economic development leads to democratization.

Carles Boix and Susan Stokes challenged Przeworski, arguing that both exogenous and indigenous explanations of democratization are true. They argued that economic development will lead to transition to democracy and will also sustain democracy. They stated: “in contrast to per capita income, economic equality (measured in the countryside in farm ownership and in general in literacy rates) increases both the chances of a democratic transition and the stability of democratic regimes.”²⁹ Boix and Stokes argued that economic development increases the probability of democratic transition and also has a positive impact on maintaining democracy.

The focus then turned to the role played by elites as the major actors in a period of transition. Instead of attributing democratic transition to structural factors, a new literature of transition emerged to cover the role of agency in democratization. Daron Acemoglu and James A. Robinson concentrated on the role of agency (actor) in the democratization process in their article, *A Theory of Political Transitions*. Their major argument is that:

²⁸ Adam Przeworski and Limongi, “Modernization: Theories and Facts,” *World Politics* 49 (January 1997).

²⁹ Carles Boix and Susan Stokes, “Endogenous Democratization,” *World Politics* 55 (July 2003): 543.

there are two groups of agents: the poor and the rich (the elite). The political state can be democratic or nondemocratic. In a democracy the median voter sets the tax rate, and because the poor are numerous, the median voter is a poor agent. In a nondemocratic regime, taxes are set by the rich. When the political system is nondemocratic, the poor can attempt a revolution, and the elite decide whether to establish democracy. When the system is democratic, the rich can mount a coup. The level of income in this economy is stochastic, and the opportunity costs of coups and revolutions change with income.³⁰

Acemoglu and Robinson initiated the link between democracy and economic inequality. They argued that elites will initiate democracy when the cost of resisting transition exceeds the cost of distributing income. They believed that the transition to democracy happened at the intermediate level of economic inequality because the elites would repress it when there was a high level of economic inequality; while at a low level of inequality they could initiate and accommodate redistribution within the authoritarian regime.

Samuel P. Huntington, on the other hand, introduced the concept of ‘waves’ of democratization.³¹ Huntington defined waves of democratization as “a group of transition from nondemocratic to democratic regimes that occur within a specified period of time and that significantly outnumber transitions in the opposite direction during that period of time.”³² Huntington asserted that economic development had an important effect on democratization, but “they are not determinative.”³³ Similar to Lipset’s modernization theory, Huntington argued that economic development leads to societal changes, such as

³⁰ Daron Acemoglu and James A. Robinson, “A theory of Political Transitions,” *The American Economic Review* 91, no.4 (Sep., 2001): 940.

³¹ See Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991).

³² *Ibid.*, 15.

³³ *Ibid.*, 59.

increased levels of education and a larger middle class which might undermine authoritarian regimes and lead to transition.

Guillermo O'Donnell and Philippe Schmitter in their *Transitions from Authoritarian Rule: Tentative conclusions about uncertain democracies*, defined transition as “the interval between one political regime and another.”³⁴ In addition, “transitions are delimited, on the one side, by the launching of the process of dissolution of an authoritarian regime and, on the other, by the installation of some form of democracy, the return of some form of authoritarian rule, or the emergence of a revolutionary alternative.”³⁵ While they defined democratization as “the process whereby the rules and procedures of citizenship are either applied to political institutions previously governed by other principles (e.g., coercive control, social tradition, expert judgment, or administrative practice), or expanded to include persons not previously enjoying such rights and obligations (e.g., nontaxpayers, illiterates, women, youth, ethnic minorities, foreign residents), or extended to cover issues and institutions not previous subject to citizen participation (e.g., state agencies, military establishments, partisan organizations, interest associations, productive enterprises, educational institutions, etc.).”³⁶

Economic crisis -which is the center of discussion in chapter three, alongside political crisis - is a key variable to explain the breakdown of communist regimes. As Stephan Haggard and Robert R. Kaufman stated, that economic crisis leads to divisions

³⁴ Guillermo O'Donnell and Philippe Schmitter, *Transitions from Authoritarian Rule: Tentative conclusions about uncertain democracies* (John Hopkins University Press, 1986), 6. As mentioned in previous chapter, their definition is adopted in this study.

³⁵ Ibid.

³⁶ Ibid., 8.

within the ruling elite and loss of social support.³⁷ They emphasized the effect of economic crisis on actors' preferences and their choice of specific policies and institutional arrangements. In addition, they highlighted the capacity of pivotal actors to maintain or bring about changes. Haggard and Kaufman argued that "economic crisis undermines the 'authoritarian bargains' forged between rulers and key sociopolitical constituents and expose rulers to defection from within the business sector and protest 'from below.'"³⁸ According to Haggard and Kaufman, the importance of economic crisis resides in the basic fact that it reduces the bargaining power of the ruling elites and increases the power of the opposition. The case of Poland presented, for Haggard and Kaufman, such a scenario where the economic crisis argument could be applied. Economic crisis influences the choices and options offered to actors. In addition, "economic legacy of authoritarian rule determines the policy agenda of its democratic successors. New democratic governments that come to power in the wake of crises confront a difficult and politically unpleasant menu of economic policy choices, at the center of which stand macroeconomic stabilization and wider structural adjustment measures."³⁹ The case of Poland showed that economic crisis that resulted from years of economic deterioration and failed economic plans had forced the government to concentrate on radical economic reform. In addition, as argued by Haggard and Kaufman and was the case with Poland, transition to democracy after the conclusion of the 'roundtable' and the elections of June 1989, "may ease the task of reform."⁴⁰ Thus, during transition "new democratic leaders can exploit honeymoons and trade political

³⁷ Stephan Haggard and Robert R. Kaufman, "The Political Economy of Democratic Transitions," *Comparative Politics* 29, no. 3 (Apr., 1997), pp. 263-283.

³⁸ Ibid., 267.

³⁹ Ibid., 277.

⁴⁰ Ibid.

gains for short-run economic losses.”⁴¹ This study has benefited from theories of democratic transition, in particular the emphasis on the role of economic and political crisis, which were major causal factors in this study, it also provided a useful insight into understanding the rise of contentious politics.

Historical institutionalism

Another important theory that helped guide this study was the new institutionalism. Institutions have both formal and informal constraints on actors’ behaviors. New institutionalism concentrates on the interpretivist elements in understanding individuals’ behaviors.⁴² Studying institutional configuration at the time of stability, helps us understand the cause of institutional changes, whether it was rapid or gradual. New institutionalism is divided into three schools/approaches. The first approach is the rational choice approach, which argues that individuals are utility-maximizers and that actors have a set of fixed preferences. Institutions are seen as crucial because they constrain and frame the individual’s behavior.⁴³ In addition, individuals behave in a strategic and instrumental manner in order to maximize their preferences. Rational choice institutionalism also emphasizes the strategic interactions between individual in the determination of political outcomes.⁴⁴ On the other hand, the second school, sociological institutionalism argues that culture and norms constrain individuals’ behavior. For them,

⁴¹ Ibid.

⁴² Ellen Immergut, “The Theoretical Core of the New Institutionalism,” *Politics and Society* 26, no.1 (1998).

⁴³ Peter Hall and Rosemary Taylor, “Political Science and the Three New Institutionalisms,” *Political Studies* 44 (1996).

⁴⁴ Ibid.

individual interest is determined by ‘social appropriateness.’⁴⁵ The third school of new institutionalism is historical institutionalism.

This study builds on the insight taken from the school of historical institutionalism that takes history seriously in understanding actors’ actions in specific period of time. The following section presents the major features of historical institutionalism.

Historical institutionalism defines institutions as: “formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political economy. They can range from the rules of a constitutional order or the standards operating procedures of a bureaucracy to the conventions governing trade union behavior or bank-firm relations.”⁴⁶ Historical institutionalism has, according to Peter Hall and Rosemary Taylor, four features that distinguish it from other schools of new institutionalism. First, historical institutionalism “conceptualizes the relationship between institutions and individual behaviors in relatively broad terms.”⁴⁷ Second, historical institutionalism “emphasizes the asymmetries of power associated with the operation and development of institutions.”⁴⁸ Third, they emphasize the importance of path dependence.⁴⁹ Fourth, historical institutionalism is concerned with integrating other factors, such as the socioeconomic development, into an institutional analysis.⁵⁰ It is important to note here that historical institutionalism accentuates the role of context and the role of ideas. Historical institutionalism has “been especially attentive to the

⁴⁵ Ibid., 949.

⁴⁶ Ibid., 938.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

relationship between institutions and ideas or belief.”⁵¹ As stated by Orfeo Fioretos, Tulia G. Falleti and Adam Sheingate:

With its growing empirical reach, historical institutionalism developed a distinct conceptual toolbox for understanding the causal mechanisms that underpin the processes of institutional durability and change. Its theoretical range extends along several continuums, from materialist accounts of institutional politics to explorations of the role of ideas in preference formation, and from structural explanations of political outcomes to narratives that highlight the transformative capacity of human agency.⁵²

Historical institutionalism, as pointed out earlier, turns to history in order to understand change. This approach has been developed further in recent years to account for ‘endogenous’ change of institutions instead of only focusing on exogenous shock.

Historical institutionalism, according to Sven Steinmo, may be seen to “stand between these two views: human beings are *both* norm- abiding rule followers *and* self-interested rational actors. How one behaves depends on the individual, on the context, and on the rule.”⁵³ Historical Institutionalism does not just use history as a “method” but turns history into a “theory” or philosophy.⁵⁴ History matters greatly for the school of historical institutionalism. For historical institutionalists, historical events are divided into “periods of continuity punctuated by critical junctures’, i.e., moments when substantial change take place thereby creating a ‘branching point’ from which historical

⁵¹ Ibid., 942.

⁵² Orfeo Fioretos, Tulia G. Falleti and Adam Sheingate, “Historical Institutionalism in Political Science.” (May 2013). Draft introduction to the *Oxford Handbook of Historical Institutionalism*, edited by Orfeo Fioretos, Tulia G. Falleti, and Adam Sheingate (New York and London: Oxford University Press, forthcoming 2015): 2.

⁵³ Sven Steinmo, What is Historical Institutionalism? In Donatella Della Porta and Michael Keating eds., *Approaches in the Social Sciences* (Cambridge UK: Cambridge University Press, 2008), 163.

⁵⁴ Ellen Immergut, “The Theoretical Core of the New Institutionalism,” *Politics and Society* 26, no.1 (1998).

development moves onto a new path.”⁵⁵ Paul Pierson and Theda Skocpol looked further into historical institutionalism and identified major features of historical institutionalism. First, historical institutionalism was seen to “address big, substantive questions that are inherently of interest to broad publics as well as to follow scholars”⁵⁶ Second, historical institutionalism, “take(s) time seriously, specifying sequences and tracing transformations and processes of varying scale and temporality.”⁵⁷ Finally, historical institutionalism, “analyze(s) macro contexts and hypothesize about the combined effects of institutions and processes rather than examining just one institution or process at a time.”⁵⁸ Historical institutionalism’s concentration on context and timing make it particularly important as an analytic tool and approach for this study. For the case of Poland, it is very important to understand changes through time. Tracing the process of change over a long period of time is important in identifying the causal mechanisms that led to political and economic transformation in Poland in 1989-1990.

The concepts of path dependence and critical junctures are very important for historical institutionalism. Different scholars have different meanings for the concept of path dependence, however, all of them agree that “history matters in more profound ways,”⁵⁹ and that “particular events in the past can have crucial effect in the future, and that these events may be located in the quite distant past.”⁶⁰ The main difference between

⁵⁵ Hall and Taylor 1996: 942.

⁵⁶ Paul Pierson and Theda Skocpol, “Historical Institutionalism in Contemporary Political Science.” In Ira Katznelson and Helen V. Milner, *Political Science: the State of the Discipline* (Norton and Company, 2002): 695. Italics added by the authors.

⁵⁷ Ibid.

⁵⁸ Ibid., 696.

⁵⁹ James Mahoney and Daniel Schensul, “Historical Context and Path Dependence.” In Robert E. Goodin and Charles Tilly, *The Oxford Handbook of Contextual Political Analysis* (Oxford University Press, 2006): 457.

⁶⁰ Ibid.

historical institutionalists was not that history matters but “*how* history matters.”⁶¹

Margret Levi explained the meaning of path dependence as follows:

Path dependence has to mean, if it is to mean anything, that once a country or region has started down a track, the costs of reversal are very high. There will be other choice points, but the entrenchments of certain institutional arrangements obstruct an easy reversal of the initial choice. Perhaps the better metaphor is a tree, rather than a path. From the same trunk, there are many different braches and smaller branches. Although it is possible to turn around or to clamber from one to the other-and essential if the chosen branch dies-the branch on which a climber begins is the one she tends to follow.⁶²

As mentioned before, there is no clear definition of the concept of path dependence. However, most scholars agree that what happened in the past has an impact on the present and the future. Another crucial concept for historical institutionalism is critical juncture.

Critical Juncture

Historical institutionalism associates institutional change with critical juncture events. A moment of critical juncture is important for identifying the direction and the pivotal actors in the new institutional settings. Critical juncture is also called ‘crisis point’ and ‘turning points.’ Critical juncture is used in this study to describe major events in the history of Poland that led to critical institutional change. For example, the ‘roundtable’ agreement and June 1989 elections were critical events in Polish history that led to radical institutional changes. Critical juncture is defined as “the starting point of a path-

⁶¹ Ibid. Italics added by the authors.

⁶² Margaret Levi, “A Model, a Method, and a Map: Rational Choice in Comparative and Historical Analysis.” In ed. Mark I. Lichbach and Alan S. Zuckerman, *Comparative Politics: Rationality, Culture, and Structure*, (Cambridge: Cambridge University Press, 1997): 28. Quoted in Pierson, Paul. “Increasing Returns, Path Dependence, and the Study of Politics.” *The American Political Science Review* 94, no. 2 (2000): 252.

dependent causal process that leads to the outcome of interest.”⁶³ For Peter Hall, critical junctures are the “moments when substantial institutional change takes place thereby creating a ‘branching point’ form which historical development moves onto a new path.”⁶⁴

Giovanni Capoccia and Daniel Kelemen defined critical juncture as “*relatively* short periods of time during which there is a substantially heightened probability that agents’ choices will affect the outcome of interest.”⁶⁵ The rise of Solidarność to political power after the elections of June 1989 and Lech Wałęsa’s proposal for a government coalition headed by Solidarność in the premiership and with both members of Democratic Party and Peasant Party were such a period of time. The choices and decisions, which are made during critical juncture, will “lead to the establishment of institutions that generate self-reinforcing path-dependent process.”⁶⁶ As the reader will see in chapter six, the conclusion of the ‘roundtable’ and the elections of June 1989 were a major critical junctures in Poland’s history. The decision that was made during critical juncture -when, for the first time since World War II, a non-communist government ruled the country - to restructure Poland’s central economy to a capitalist market economy and building democratic system, established new institutions with “self-reinforcing path dependent.”⁶⁷

Capoccia and Kelemen pointed that “relatively short period of time” means that “the duration of the juncture must be brief relative to the duration of the path-dependent

⁶³ Tulia G. Falleti and Julia F. Lynch, “Context and Causal Mechanisms in Political Analysis,” *Comparative Political Studies* 42, no. 9 (September 2009): 1155.

⁶⁴ Hall and Taylor 1996: 942.

⁶⁵ Giovanni Capoccia and Daniel Kelemen, “The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism,” *World Politics* 59 (April 2007): 348. Italics added by the authors.

⁶⁶ Ibid., 342.

⁶⁷ Ibid.

process it instigates.”⁶⁸ Their definition captures the process of institutional change in Poland in 1989-1990. In particular, with the selection of Leszek Balcerowicz as a Deputy Prime Minister and as the Minister of Finance, the choices made by him and his economic team had a long lasting impact and created a new path dependent that “constrains future choices.”⁶⁹ Capoccia and Kelemen also stressed that the second part of the definition that critical juncture is a “substantially heightened probability,”⁷⁰ also meant that “probability that agents’ choices will affect the outcome of interest must be high relative to that probability before and after the juncture.”⁷¹ Balcerowicz’s decision, as mentioned above was critical and led to drastic changes in Poland’s economic system. His decision was embedded in the economic program called the ‘Balcerowicz Plan’ which created new institutional settings that have lasted until today. Thus, the decisions made during the time of critical juncture, which was characterized as a period of high uncertainty lasted for a longer period of time until another major critical juncture occurred. Critical junctures are rare events.⁷² As Capoccia and Kelemen stated: “the normal state of an institution is either one of stability or one of constrained, adaptive change.”⁷³ In Poland, the transformation in the realm of ideas was gradual, but structural changes came about after the rise of Solidarność to political power in 1989 which constituted a critical juncture moment that led to radical institutional change in a short period of time. In general, the definition of critical juncture by Capoccia and Kelemen offers an insight into this study and highlights the role of agents, which allowed researcher to study powers

⁶⁸ Ibid., 348.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² Ibid., 368.

⁷³ Ibid.

relation during a time of high uncertainty accompanied critical juncture events. Studying major actor/agents who occupied a powerful position during a period of transition is important to understand the process of institutional change. I therefore identified the rise of Solidarność to political power after the conclusion of the ‘roundtable’ and the elections of June 1989, as a major critical juncture that led to drastic political and economic institutional changes in Poland for decades to come. It is important to note here that historical institutionalism scholars employ either a counterfactual approach or process tracing⁷⁴ as their analytic tool to identify critical juncture. In this study, as mentioned in the introduction, process tracing is the major analytical tool used to trace both ideational changes and crisis points in Poland. Process tracing of critical juncture is a useful tool because it concentrates on causal links that allows for an examination of how a critical juncture causes an outcome. Process tracing, therefore, enables the researcher to identify the causal mechanisms that link outcome with the major causes because it focuses on “sequential processes within a particular historical case, not on correlations of data across cases.”⁷⁵ The nature of change that emerges after a critical juncture has a long- term effect on institutional stability and development.

A new approach in the field of new institutionalism, which has attempted to bring a more dynamic lens to the study of institutions, has emerged recently, ‘discursive institutionalism’ which distinguishes itself by its emphasis on the role of ideas and discourse. The following sections will present another major development in the study of institutions and ideas.

⁷⁴ For recent (2015) and detailed analysis of the process tracing method, see Andrew Bennett and Jeffery T. Checkel, *Process Tracing: From Metaphor to Analytic Tool*, (Cambridge University Press, 2015).

⁷⁵ Alexander George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (MIT Press, 2005), 13.

Ideational turn

A new development in the study of institutions emerged with the increasing interest in the role of ideas in institutional change. As mentioned above, historical institutionalism attempted to bring ideas back into the study of institutional stability and change. Historical institutionalism's major limitation is its indirect reference to the role of ideas. Several historical institutionalists have attempted to bring agents and their ideas into the analysis of institutional change in order to understand institutional change. A new school of thought emerged that clearly and directly argued that 'ideas matters.' This 'turn to idea' emphasized the crucial role of ideas in institutional change. Agents/actors ideas and preferences have a major role at the time of a critical juncture. Several scholars have introduced ideas into their explanatory frameworks to deal with institutional change. The change in the realm of ideas was one of the preconditions and one of the major forces that led to the collapse of the Communist regime in Poland and other Eastern European states. As Douglass North noted: "the demise of communism in Eastern Europe reflected a collapse of the existing belief system and a consequent weakening of the supporting organization."⁷⁶ The importance of agent ideas led to the emergence of several studies that try to understand how those ideas lead to institutional changes.

A new institutional approach- discursive institutionalism emerged that gave ideas the leading role in the analysis of institutional changes. As pointed by Vivien Schmidt, about the new scholars who belong to discursive institutionalism: "what they share includes not only an analytic framework but also a commitment to go beyond 'politics as

⁷⁶ Douglass North, eds., *Transforming Post-Communist Political Economics*, (Washington, DC: National Resource Council, National Academy of Science, 1997), 18. Quoted in Paul Dragos Aligica and Anthony John Evans, *The Neoliberal Revolution in Eastern Europe: Economic Ideas in the Transition from Communism* (Edward Elgar: UK, 2009), 1.

usual' to explain the politics of change, whether this means the role of ideas in constituting political action, the power of persuasion in political debate, the centrality of deliberation for democratic legitimation, the (re) construction of political interest and values, or the dynamics of change in history and culture.”⁷⁷ The new ‘discursive institutionalism’ flourished with the rise of the importance of ideas in explaining institutional stability and change. Changes in the realm of ideas lead to dramatic change in other arenas. Ideas, as argued by Schmidt, are difficult to define because, “there are so many ideas about ideas.”⁷⁸ Some scholars define ideas as ‘worldview,’ ‘frames,’ ‘policies,’ ‘programs,’ etc.⁷⁹ In a recent work, Alan Jacobs’ chapter, *Process Tracing the Effects of Ideas*, defines ideational theory as “a causal theory (or explanation) in which the content of a cognitive structure influences actors’ responses to a choice situation, and in which that cognitive structure is not wholly endogenous to objective, material features of the choice situation being explained.”⁸⁰ Jacobs explained further that ideational theory “posit(s) a causal effect of the content of actors’ cognition on their choices.”⁸¹ In this study both ideas and material factors are used to explain institutional changes. Especially during crisis, actors’ programmatic ideas, combined with domestic crisis (economic and political), led to radical institutional changes which was the case of Poland in 1989 and 1990. The importance of ideas urges researchers to explain why specific ideas came to occupy a powerful position and triumphed over other ideas.

In Poland, after decades of accumulated economic and political crisis, and after

⁷⁷ Vivian A. Schmidt, “Taking ideas and discourse seriously: explaining change through discursive institutionalism as the fourth ‘new institutionalism,” *European Political Science Review*, 2:1 (2010): 2.

⁷⁸ Vivien Schmidt, “Discursive Institutionalism: The Explanatory Power of Ideas and Discourse,” *The Annual Review of Political Science* 11 (June 2008): 3.

⁷⁹ Ibid.

⁸⁰ Alan Jacobs, “Process Tracing the Effects of Ideas,” in Andrew Bennett and Jeffery T. Checkel, *Process Tracing: Form Metaphor to Analytic Tool*, (Cambridge University Press, 2015): 43.

⁸¹ Ibid.

the decline of the major existing ideas, other ideas emerged at a critical moment in Polish history, in particular after the rise of Solidarność to political power. During this critical juncture moment, free-market ideas were accepted because of the existence of right economic, political and administrative circumstances. Judith Goldstein argued that ideas are influential in decision-making and that “ideas do not influence behavior simply at one moment in time. Once a set of beliefs has become encased in institutions, these ideas can influence policy even after the interests of their creator have changes,”⁸² and “once a strategy of policy idea is selected by politician, for whatever reason, it has long-term ramifications, policy ideas leaves vestiges; political rules and norms formed in response to and norms formed in response to and in support of an economic idea fundamentally influence the environment for future political choices.”⁸³ Goldstein also emphasized that history and ideas matter because when “policy makers select a particular course of action, they simultaneously constrain the choices of future politicians.”⁸⁴ Institutional arrangement can, therefore, facilitate or impede the entrance of new ideas. As Peter Hall stated: “the institutional arrangements for policy making play a critical role in impeding or facilitating the entry of innovative ideas into policy.”⁸⁵ Hall introduced the concept of ‘policy paradigm.’ In his view, “policymakers customarily work within a framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of problems they are meant to be addressing.”⁸⁶

⁸² Judith Goldstein, *Ideas, Interests, and American Trade Policy* (Cornell University, 1997), 3.

⁸³ Ibid.

⁸⁴ Ibid.

⁸⁵ Peter Hall, *The Political Power of Economic Ideas: Keynesianism Across Nation* (Princeton University Press, 1989), 59.

⁸⁶ Peter Hall, “Policy Paradigms, Social Learning, and the State: The Case of Economic

Daniel Béland,⁸⁷ on the other hand noted that there are three main ways that ideas and frames influence policy process:⁸⁸ (1) “ideas shape the content of reform proposal”⁸⁹ by directing the public; (2) “frames construct the ‘need to reform’ in part by referring to and embellishing certain values and symbols embedded in a society’s cultural repertoire,”⁹⁰ and (3) “ideational processes affect the perception of economic interests and policy legacies.”⁹¹ Béland emphasized that ideas plays crucial role in specific political and economic circumstances. Similarly, Kathryn Sikkink, in her study of Argentina and Brazil, argued that ideas of key individuals in the government are the key to understanding the adoption of new policies and that available idea limited the options for decision-makers during critical moments of change.⁹²

As this study presents to the reader, new ideas emerged when internal and external circumstances paved the way for their entrance into policy-making. Crisis is the major element in the explanation of institutional change. Crisis leads to the emergence of critical juncture; because it destabilizes old institutions and influences the creation of new one.

Policymaking in Britain,” *Comparative Politics* 25, no. 3 (April 1993): 279.

⁸⁷ Daniel Béland, “Ideas and policy Change: A Global Perspective,” (January 2007). Accessed online through Research Gate https://www.researchgate.net/publication/228430042_Ideas_and_Policy_Change_A_Global_Perspective

⁸⁸ In his article, Daniel Béland proposed a new ways of looking at institutional change by introducing a framework that bridge historical institutionalism, the role of ideas literatures and the sociological literature on social movements and framing process. *Ibid.*, 3.

⁸⁹ *Ibid.*

⁹⁰ *Ibid.*, 4.

⁹¹ *Ibid.*

⁹² Kathryn Sikkink, *Ideas and Institutions: Developmentalisms in Brazil and Argentina*, (Cornell University Press, 1991). For a review of major ideational scholars, see Mark Blyth, “Any More Bright Ideas?: the Ideation Turn of Comparative Political Economy,” *Comparative Politics* 29, no. 2 (January 1997). In this article, Blyth reviewed Kathryn Sikkink and Peter Hall works in detail. In addition, he looked at the role of ideas in new institutionalism approaches (historical and rational institutionalism).

Crisis and change

Crisis, whether political or economic, is, scholars of ideas have argued, a necessary condition for the entrance of new sets of ideas in the search for a solution to the crisis. Because existing ideas have failed and were unable to solve the crisis (it can be political, social, economic, environmental, etc.), new ideas were introduced and presented a solution to the situation. Peter Hall, thus, argued that:

Simply recognizing that ideas are important to the development of policy is not enough. All too often ideas are treated as a purely exogenous variable in accounts of policy making, imported into such accounts to explain one outcome or another, without much attention to why those specific ideas mattered. But if we cannot say why one set of ideas has more force than another in a given case, we do not gain much explanatory role in analyses of policy making, we need to know much more about the conditions that lend force to one set of ideas rather than another in a particular historical setting.⁹³

Therefore, understanding why specific ideas emerges and lead to drastic institutional changes is important. Mark Blyth noted that ideas “matter in period when existing institutional frameworks and the distributions they make possible fail and uncertainty prevails, at these junctures, it is ideas that tell agents what to do and what future to construct.”⁹⁴ Blyth stated that:

While the destabilization of institutions may produce uncertainty, and while such uncertainty may manifest itself in effects such as currency collapse or rising prices deleterious to the agents involved, either the causes of nor the solutions to such uncertainty are given by the conditions of the collapse. Agents must argue over, diagnose, proselytize and impose on others their notion of what a crisis actually is before collective action to resolve the uncertainty facing them can take any meaningful institutional form.⁹⁵

⁹³ Peter Hall, “Conclusion: The politics and Keynesian Ideas,” in his book, *The Political Power of Economic Ideas: Keynesianism Across Nation* (Princeton University Press, 1989), 362.

⁹⁴ Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: Cambridge University Press, 2002), 12.

⁹⁵ *Ibid.*, 9.

Crisis brings with it a time of high uncertainty and change. As mentioned before, critical juncture is a short period of time when new institutions are established and create new path dependence. During critical juncture, which is triggered and caused by a crisis (political, economic, etc.), ideas play a crucial role in the shape and trajectory for the new institutions because “ideas allow agents to reduce uncertainty, propose a particular solutions to a moment of crisis, and empower agents to resolve that crisis by constructing new institutions in line with these new ideas.”⁹⁶ In general, ideas at the time of high uncertainty “empower(s) agents to contest existing institutions, act as resources in the construction of new institutions, and finally coordinate agents’ expectations, thereby reproducing institutional stability.”⁹⁷ A time of high uncertainty presented itself in Poland when Solidarność rose to political power after the elections of June 1989. During this time of political and economic crisis, Balcerowicz, who was selected to a powerful political position, had a political structure opportunity that enabled him to pursue a technocratic approach to solve Poland’s economic crisis, through converting the country to capitalism.

Ideas and institutions

Daniel Béland and Jacob Hacker argued that historical institutionalism “is better at specifying the opportunities and constraints that political institutions create than at explaining the policy choices that occur within this ‘political opportunity structure.’” Political institutions embody the rules of the game that political actors follow as they seek their goals. They do not necessarily tell us what goals those actors have or what issues

⁹⁶ Ibid., 11.

⁹⁷ Ibid., 15.

they deem important.”⁹⁸ For Béland and Hacker, historical institutionalism can help researchers understand the context and legacies of previous institutional settings, but they do not provide a sufficient answer to the question of why specific policy was chosen over another one. They suggested that “institutional theories need to pay greater attention to two sets of factors that have been crucial in American social policy development: private social policies and processes of agenda-setting through which alternative policy paradigms come to guide political leaders.”⁹⁹ In his 2007 study Daniel Béland, as mentioned before, stressed the role of ideas in institutional change during times of critical juncture. Béland said that in order to understand fully the process of institutional change, we have to pay particular attention to the content of actors’ proposals. In other words:

Ideas and frames constitute key political and cultural resources for political actors, they help put together coherent reform proposals, and they participate in the social construction of the “need to reform” and the perceived economic interests surrounding it. Such ideational forces are embedded in long-term historical processes that shape cultural repertoires that actors must draw upon in order to convince the public to support their proposals.¹⁰⁰

The relations between ideas and historical institutions, as argued by Blyth, Helgadottir and Kring are one of the ‘unconscious uncoupling’ “between ideationalists and materialists.”¹⁰¹ Historical institutionalism had emerged from materialist state theory during the 1980s,¹⁰² while the literature of ideas emerged in 1990s, and “sought to be part

⁹⁸ Daniel Béland and Jacob S. Hacker, Ideas, private institutions and American welfare state 'exceptionalism': The case of health and old-age insurance, 1915-1965, *International Journal of Social Welfare* 13, no. 1 (January 2004), 45. Quoted in Daniel Béland, “Ideas and policy Change: A Global Perspective,” (January 2007): 6.

⁹⁹ Béland and Hacker 2004: 52.

¹⁰⁰ Daniel Béland, “Ideas and policy Change: A Global Perspective,” (January 2007): 20.

¹⁰¹ Mark Blyth, Oddny Helgadottir and William Kring, “Ideas and Historical Institutionalism,” “Chapter on ‘Ideas and HI’ for the Oxford Handbook of HI, forthcoming in 2014: 3. For a fuller discussion of the relationship between historical institutionalism and ideational theories, return to the same source.

¹⁰² *Ibid.*, 11.

of HI [Historical Institutionalism] and something quite apart from it.”¹⁰³ During the time of critical juncture that was associated with the destabilization of institutions and high uncertainty, ‘ideas come to the fore.’¹⁰⁴ Thus, for researchers who are interested in understanding the dynamics of change that took place in Eastern Europe, it is important to include into their analysis the role of agents’ ideas and visions of reform, and to trace it back before the time of transition to understand the roots and nature of these ideas. Understanding the nature of crisis that leads to a critical juncture moment is very important to understand institutional change. In similar vein, in his article *Ideas and Institutional Change in Social Security: Conversion, Layering and Policy Drift*, Daniel Béland argued that to:

Understand institutional change fully, one must recognize the central role of ideational processes in politics and policy making. Because institutional change is generally related to the strategies of concrete social and political actors, understanding the effect of their ideas and assumptions on the social and economic world is essential for explaining the way in which these actors can bring about institutional change in a particular policy area, and the form and orientation this change will take.¹⁰⁵

The interplay between ideas and institutions is presented clearly by the work of Robert Lieberman who argued that developments in world politics had brought ideas back into the systemic study of political sciences and that ‘bringing ideas back in’ became one of the central issues facing the discipline.¹⁰⁶ In his study, Lieberman argued that institutional analysis helps to explain why the American political system was

¹⁰³ Ibid., 11.

¹⁰⁴ Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: Cambridge University Press, 2002).

¹⁰⁵ Daniel Béland, “Ideas and Institutional Change in Social Security: Conversion, Layering and Policy Drift,” *Social Science Quarterly* 88, no. 1 (March 2007): 23.

¹⁰⁶ Robert Lieberman, “Ideas, Institutions, and Political Order: Explaining Political Change,” *The American Political Science Review* 96, no. 4 (Dec., 2002), pp. 697-712.

susceptible to the demands of Civil Right movements, but cannot account for the substantive content of civil rights demands.¹⁰⁷ He urged analysts to combine both institutional as well as ideational factors into their analysis of change. For institutionalism to remain “relevant in political science, it must prove itself able to account convincingly for these changes that manifest themselves not simply in new policies but in fundamentally new ideological bases for politics.”¹⁰⁸ Thus, as Lieberman aptly stated: “an analysis that takes both ideas and institutions seriously”¹⁰⁹ will allow researchers to “account for major political change.”¹¹⁰ This study follows the same path and combines both the historical institutionalism approach with ideational theories in order to understand political and economic institutional changes in Poland in 1989-1990. It also finds guidance in democratic transition theories in the discussion of the rise of opposition movements in Poland and their role in undermining the legitimacy of communist power in Poland throughout the 1980s.

Summary

To give the study a more dynamic and comprehensive explanation, I used historical institutionalism and ideational theories to bridge the gap between the structure and agency factors that led to the drastic institutional changes in Poland in 1989-1990. Agents who obtain a powerful position have the opportunity to implement their ideas at a critical juncture period, which increases uncertainty. Idea-centric studies have flourished

¹⁰⁷ Ibid., 697.

¹⁰⁸ Ibid., 699.

¹⁰⁹ Ibid., 698.

¹¹⁰ Ibid.

recently in political science as an attempt to produce dynamic explanations of political and economic change. Thus, this dissertation is guided by two main approaches that help to understand the process of institutional change: ideational theories and the historical institutionalism approach.

In this study, chapter three is devoted to the study of the economic and political crisis in Poland since the consolidation of communist power. It also traces the rise of the pro-capitalist movement in Poland after the imposition of martial law in 1981. History matters, therefore, I utilized the method of process tracing to understand historical political and economic developments since Poland's partition, with particular attention to the years from 1945 until 1988. Chapter four is devoted to a discussion of the rise of fall of different ideas in Poland. Through using process tracing, as the main analytic tool for this study, the emergence and decline of specific ideas produced by specific material factors and actors' vision is studied. The argument is that ideas emerge at a time of uncertainty and present a solution out of the crisis. Each political economy idea developed under specific internal and external circumstances. Therefore, in Poland, free-market ideas were presented at a time of critical juncture, after the ascendancy of Solidarność to political power, as a viable and the only solution to Poland's economic and political crisis. The origins and roots of Leszek Balcerowicz's radical ideas for restructuring Poland economic and political system came as the only solution in 1989 were also traced. Chapter five presents one of the key events in Poland's political and economic history - the 'roundtable' talks between the government and the opposition. The 'roundtable' led to the legalization of Solidarność, which had already established itself as an authentic representative of society. In addition, it accelerated transition

process, which described as non-revolutionary ‘pact transition.’ It led to the victory of Solidarność in the June 1989 elections and to drastic changes in the political institutions and the creation of a new rule of the game. When for the first time, a non-communist government selected Leszek Balcerowicz as the Deputy Prime Minister and the Finance Minister, a new chapter in Poland’s history emerged. In Chapter six, the interplay between all the causal factors discussed in this study are presented: 1) political and economic crisis that accumulated over time and led to the rise of opposition movements; 2) ideational changes that started since 1945 and even earlier and led to the emergence of Balcerowicz’s radical vision of reform in the early 1980s, and 3) the political transition that led to the rise of Solidarność and the ascendancy of liberals to a powerful position in 1989, and led to Poland’s transition to democracy and capitalism.

In Poland, Balcerowicz and his team were the only ones who had a concrete economic program in 1989. Balcerowicz had long advocated for radical transformation of Poland’s economic system. His powerful position gave him an opportunity to embark on his vision of economic reform. The events of 1989 are, therefore, regarded as a “historical victory of liberalism over socialism”¹¹¹ that was based on the idea that “there is no other path before Eastern Europe than ‘liberal democracy and a free market.’”¹¹² The period of rapid political transition, which followed the ‘roundtable’ agreements, was one of the crucial phases in Poland that decided the path of political, economic and institutional change. At this turning point in history, “liberalism came to satisfy the strong need in countries to oppose what recently had been and to some extent still is, at the same

¹¹¹ Jerzy Szacki, *Liberalism after Communism* (Central European University Press, 1995), 3.

¹¹² Ibid., 3-4. Szacki argued that “the appearance of liberalism is a psychological and social necessity.” Ibid.

time offering the hope of something much better in the future.”¹¹³ The opportunity emerged for liberals to embark on and implement their vision of change, particularly after the rise of Balcerowicz into a powerful political position.

¹¹³ Ibid., 7.

Chapter Three: The Political and Economic History of Poland: From Partition to the Decline of State Socialism

The persisting deep economic imbalance, including the chronic excess of demand over supply on the market, limits the role of money as means of exchange. The shortage of consumer, supply investment goods, reduce the ability of zloty to fulfill its payment function.

- Władysław Baka (1987).¹¹⁴

The road of socialist renewal was mapped out by the ninth congress 7 years ago. We embark on the road in dramatically difficult conditions, constantly struggling against mounting adversity. During the martial law period, contrary to the nature of such an extraordinary situation, we developed a process of economic and political changes. Afterward we continued to deepen them, despite the fact that the process differed from views and trends then predominate in the socialist community.

- First Secretary Wojciech Jaruzelski at the Seventh PZPR Plenum (13 June 1988).¹¹⁵

Introduction

This chapter offers an examination of the pre-transition period in Poland (1945-1989), and discusses the various events, including the period of partition and its impact on Poland's political and economic life, that set the stage for institutional changes that took place in 1989-1990. A detailed overview of critical events leading up to the 'roundtable' idea in late 1988 will then be given. The chapter will also highlight the beginning of the transition period in Poland which started with the emergence of oppositional movement, such as *KOR* and then *Solidarność*, by contextualizing the political and economic factors, and by looking at the roles of different actors/players in introducing critical changes associated with different economic and political reform

¹¹⁴ *Warsaw PAP*, "National Bank President Speaks." FBIS-EEU-87-249. 29 December 1987. P: 31.

¹¹⁵ *Warsaw Domestic Service*, "Jaruzelski Speaks at Plenum." FBIS-EEU-88-115. 15 June 1988. P: 29.

plans. The purpose here is to bring both material (domestic factors) and agency (actors) into the discussion of political and economic change and give it a more dynamic explanation of the events that unfolded. This chapter, also, gives the reader an in-depth understanding of Poland's social, religious, political, and economic trajectory prior to and after the consolidation of socialism after World War II.

The first part of the chapter provides a historical overview of the political, social, and economic developments in Poland from 1945 to the commencement of 'consolidation plan' in late 1988. Given the importance of history in understanding different critical events in Polish political and economic history, this chapter seeks to demonstrate that understanding events during times of institutional stability helps to explain changes during times of crisis. The 1980s are often described as a decade of reform. According to Ben Slay, "the 1980s were a decade of reforms, in which attempts at improving economic performance were made within economic and political framework of soviet-style socialism."¹¹⁶ This chapter looks at the causes of economic deterioration in late the 1960s, 1970s, and in 1988. It also documents different economic plans associated with different actors.

The second part of this chapter traces the rise of oppositional movements in early 1950s. To this end, I will survey the rise of contentious politics in Poland throughout Communist rule. The emergence of the intellectual movement, *KOR* (*Komitet Obrony Robotników*, Workers Defense Committee) in 1976 is also analyzed. The focus then turns on the emergence of the first independent trade union movement, *Solidarność*, in August 1980 after several strikes that took place on the Baltic coast. Particular attention is paid to

¹¹⁶ Ben Slay, *The Polish Economy: Crisis, Reform and Transformation* (Princeton: Princeton University Press, 1994), 3.

the major demands of Solidarność, which centered on the idea of self-management for the creation of workers' democracy. In other words, Solidarność major agenda was to transfer the structure of ownership from the state ownership to 'social ownership' of the means of production through the formation of workers' council in state enterprises. In addition, Solidarność demanded the abolishment of *nomenklatura* and urged for workers' empowerment through their direct involvement in economic management. The historical analysis employed here is crucial in identifying major events that preceded the 'roundtable' negotiations, during which Solidarność was the major player. Identifying the causal mechanisms behind Poland's political and economic development will enable us to understand institutional stability and changes during critical historical junctures.

The government had attempted/implemented different economic plans to absorb workers' and society's discontent. Among these reform plans was the activation of self-management- also called 'industrial democracy;' and the introduction of market socialism, and finally ended its efforts by the adoption of partial liberalization as the last resort to reform the system prior to 1989. Ultimately, this chapter seeks to offer a historical analysis for the causes and consequences of different economic reform plans which were introduced in an attempt to reform the planned economy throughout the 1950s, 1960s, 1970s, and 1980s; and also explains why these plans failed to produce any significant changes in the realm of economic efficiency and political democracy. The main line of argument of this chapter is that domestic factors (political and economic) had precipitated Poland's institutional transformation in 1989-1990 and directed it toward democracy and capitalism. Certain conditions and circumstance lead to specific

actions/reactions, therefore, putting events into a historical context can help explain why and how things happen the way they do.

Poland's pre-communism era

Poland is a country in East Central Europe that has a very interesting and fascinating political and economic history. In order to understand the emergence of the democratic political system and capitalist market economy in 1989-1990, it is important to trace Poland's political and economic history from the time of Poland's partition, and even earlier. Poland's historical record dates back to the reign of Mieszko who converted the country to Christianity in 966. Mieszko, of the Piast Dynasty, unified various Polish tribes and converted them to Catholicism.¹¹⁷ During the seventeenth century, the Polish Empire expanded its borders and covered almost all the area between the Black and Baltic Seas, and parts of today's Russia.¹¹⁸ Under the reign of King Casimir the Great (1333–1370), the kingdom enjoyed its most prosperous and powerful decades.¹¹⁹ Throughout its history Poland found itself in the middle of war zones because it “developed an important cultural self-identification as defender of Latin, Western, and Christian civilization.”¹²⁰

The Polish Kingdom had enjoyed several years of power after its union with Lithuania in 1569.¹²¹ The Polish-Lithuanian Commonwealth survived several wars, but declined with the partition of its territories between three powers, Prussia, Russia, and

¹¹⁷ Alexander J. Groth, *People's Poland: Government and Politics* (Chandler Publishing Company, 1972), 3.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ When the Polish Queen Jadwiga married to Lithuanian King. Ibid.

Austria in 1795. The table below shows the distribution of the Polish population from 1870 to 1910, during the partition period and prior to World War I.

Table 3.1: Poland's population in partitioned territories¹²²

Area	1870	1890	1900	1910
In Russia: Kingdom of Poland	6,079	8,258	10,000	12,129
In Austria-Hungary: Galicia	5,492	6,608	7,316	8,026
Teschen Silesia	233a	300	369	435
In Germany: Greater Poland	1,582b	1,753	1,886	2,100
Pomerania	1,312b	1,434	1,561	1,704
Opole Region	1,310b	1,578	1,868	2,208

a. 1869; b. 1871

At the end of the eighteenth century, Poland ceased to exist as an independent and sovereign country, and disappeared from the map of Europe for 123 years. The partition led to the creation of underground resistance movements against the partition powers. During partition time, the Church played a crucial role as a 'safeguard for Polish identity.' Poland's geographic position always made it vulnerable to domination from the existing hegemonic power in the international system. The political history of Poland, thus, was full of critical events that shaped not only the trajectory of the country itself, but also the fate of the other Eastern European countries.

¹²² Zbigniew Landau and Jerzy Tomaszewski, *The Polish Economy in the Twentieth Century* (St. Martin's Press, 1985), 19. Table 1.3. Original source: A Krzyanowski, K. Kumaniecki, *Statystyka Poliski*, *Handbuch der polnischen Statistik*. *Tableau Statistiquw de La Pologne* (Cracow, 1915), pp.6-7.

Partition had a great impact on Poland's development and its political and economic integration. The territorial partition of Poland had led to the creation of different economic and political institutions in each part of partitioned Poland. According to Zbigniew Landau and Jerzy Tomaszewski:

The partition of Poland checked her economic development and restricted the reforms that had begun. Soon the three parts of the Polish territories became integrated with the political and economic systems of the partitioning powers. In the nineteenth century agrarian reforms were carried out in all the three monarchies. Serfdom was abolished and peasants were given property rights to their plots of land. This process was completed in the Austrian part of Poland in 1848, in the Prussian part in 1850, and in the Russian part of Poland in 1864.¹²³

Poland reemerged in 1918 with the collapse of the Prussian, Russian, and Austrian empires at the end of World War I. Several treaties and international conferences between the victorious determined Poland's sovereignty and borders from 1918 to 1921.¹²⁴ World War I and the Great Depression had a devastating impact on the newly independent Poland which forced to "pursued the policy of survival."¹²⁵ Landau and Tomaszewski, pointed out that World War I:

caused very heavy losses in the Polish territories. Apart from France, Poland was one of the worst affected countries. The total area of the Polish Republic (in the years 1922-38) amounted to 388,000 sq.km, of which about 100,000 sq.km; during the First World War military operations affected 335,000 sq.km, of which about 100,000 sq.km saw long and heavy fighting.... Industry in the Kingdom of Poland was so badly disrupted that in 1918 the number of employed workers fell to 15 percent of the 1914 level.¹²⁶

The new government faced several economic, political and social difficulties. The Polish economy was predominantly agricultural with the majority of the population living

¹²³ Zbigniew Landau and Jerzy Tomaszewski, *The Polish Economy in the Twentieth Century* (St. Martin's Press, 1985), 11-12.

¹²⁴ Ben Slay 1994: 14.

¹²⁵ Landau and Tomaszewski 1985: 91.

¹²⁶ *Ibid.*, 24.

in villages.¹²⁷ After the war, poverty was widespread. In addition, overpopulation and unemployment led to peasants' strikes.¹²⁸

Two main features characterize reform in this period of Polish history, according to Ben Slay: 1) there were various economic plans were pursued by different governments in attempts to form new integrated national economic institutions that were divided; and 2) the role of the state in the economy was pivotal.¹²⁹ Economic policies in Poland after World War I were impacted by a "combination of austerity policies pursued during the first years of the Depression, the discrediting of laissez-faire throughout Europe, the rise of cartels, and growing social tension [which] produced an institutional shift toward greater state regulation, interventionism and planning during late 1930s."¹³⁰ Economic reforms initiated by the Prime Minister and Treasury Minister Władysław Grabski in 1924, started by the establishment of one central bank, the creation of tax reform system, and the introduction of the *zloty*.¹³¹ These reforms represented a relatively "laissez-faire approach to macroeconomic and trade policies."¹³² Thus, many observers argued that Poland's economic history was modeled on the capitalist system and that Poland's transition to capitalism was a restoration of its old system.

The years from 1924 until 1929 were regarded as a period of economic development in Poland. The country started to direct its attention toward industrializing and modernizing the economy. Landau and Tomaszewski described this period concisely as follows:

¹²⁷ Ben Slay 1994: 15.

¹²⁸ Norman Davis *God's Play Ground: A History of Poland* (New York: Columbia university Press, 1984).

¹²⁹ Ben Slay 1994: 15-16.

¹³⁰ Ibid., 17.

¹³¹ Ibid., 16. The 'Polish mark' replaced by the 'zloty.'

¹³² Ibid., 17.

The major achievement during 1926–9 consisted in defining the basic lines of government economic policy. For a long time it was an open question as to whether Poland should develop along mainly agricultural lines or as an industrial-agricultural economy. The idea of agricultural Poland was supported not only by influential landowners but also by some foreign financial centers.¹³³

Poland's industry and trade minister, Eugeniusz Kwiatkowski advocated the idea of industrialization by asserting that this would lead to a flow of Western capital into the country. Thus, his plan was to push the economy toward industrialization. In 1936 when Eugeniusz Kwiatkowski became Deputy Prime Minister and Treasury Minister, Keynesian ideas, which asserted the pivotal role of the state in tackling inflation at a time of economic crisis through state intervention and finding solutions for massive unemployment, had influenced many countries. Kwiatkowski's vision for the Polish economic system was, therefore, influenced by Keynesianism which at that time meant "a mixed economy consisting of strong private and cooperative sectors; a state sector dominated in such areas as infrastructure and industries of strategic, geopolitical, and military significance, as well as in education and social welfare; and state institutions to regulate private sector and coordinate independent public and private activities."¹³⁴ It is clear that Poland's economy was impacted by different waves of ideas existed in the international system.

¹³³ Landau and Tomaszewski 1985: 65. They added that "the role of handicrafts slightly diminished in 1926-9 as compared with the post-inflation depressions period but the number of workshops and handicraftsmen was stable. It was estimated that in 1924 turnover of large enterprises, whereas in 1928 it had fallen to 38 percent; in relation to the whole industrial output the share of handicraft production declined from 14,7 per cent in 1924 to 10.5 per cent turn in Polish industry." Ibid., 67.

¹³⁴ Ben Slay 1994: 17-18.

A ‘turbulent democracy’

In the political sphere, democratic institutions started to emerge between 1918 and 1921, during the interwar period. At the same period of time, the capitalist system emerged as the leading economic model in Poland. This period in Poland history is, therefore, sometimes called the ‘golden age’ of the development of democratic and capitalist institutions. Poland had its first elections for the constituent assembly in 1919. The constituent assembly commenced its work by writing the Polish constitution. Then the parliament approved it in 1921.¹³⁵

However, Poland’s sovereignty during the inter-war period was unstable one.¹³⁶ The new independent Polish State had established new political institutions, the *Sejm*, the office of Presidency, and a Senate (which would be abolished during Communist rule and reinstated after the ‘roundtable’ talks).¹³⁷ This period of Polish political history has been also described as a ‘turbulent democracy’ that lasted until 1926. Economic crisis and political factions created an unstable political situation, which led, to a coup d’état by Marshal Jozef Piłsudski.¹³⁸ Piłsudski was a member of the Socialist party and had an influential and charismatic “personality, something of a legendary hero in Poland’s struggle long before he seized power in 1926.”¹³⁹ Piłsudski sought to end factions and division which had worsened under the multi-party and parliamentary regime. Piłsudski’s major goal, therefore, was to create a strong Polish state with a strong military.

¹³⁵ Joseph Rothschild, *East Central Europe between the Two World Wars* (Washington University Press, 1974), 64.

¹³⁶ For a detailed analysis of the Polish economy from the time of partition until 1980, see Zbigniew Landau and Jerzy Tomaszewski, *The Polish Economy in the Twentieth Century* (St. Martin’s Press, 1985).

¹³⁷ Ibid.

¹³⁸ Hugh Seton-Watson, *Eastern Europe Between the Wars* (Cambridge: Cambridge University Press, 1945), 161.

¹³⁹ Groth 1972: 10.

Opposition was tolerated during the first few years of his rule, however, by 1930, the government became more authoritarian. A new constitution with a powerful presidential office was adopted in 1935. Piłsudski died in the same year, after which the government became internally divided and unstable political atmosphere prevailed.¹⁴⁰

Great uncertainty ruled during the whole period until the German invasion in 1939 which brought about the beginning of World War II. During the interwar period, Poland underwent great social transformation. Its population prior to World War II was approximately 69 percent Polish with significant numbers of minorities, including large numbers of Ukrainians, Byelorussians, Jews and Germans.¹⁴¹ In 1939, there were 32,347,000 Polish citizens, including 3,351,000 Jews.¹⁴² But by the end of World War II, Poland was for the first time in its history, “a homogenous, almost exclusively Roman-Catholic and Polish State.”¹⁴³ With this shift, the role of the Church had increased, as the majority of the population was Polish Catholic. It is important to note that the Catholic Church played a crucial role in keeping Polish culture alive during the time where the country was divided between its powerful neighbors.

Poland after World War II

World War II had a devastating impact on Poland. More than 6 million people died during World War II, almost twenty percent of the population.¹⁴⁴ Warsaw was completely razed to the ground after the uprising in August-September 1944.¹⁴⁵

¹⁴⁰ Ibid.

¹⁴¹ Ibid., 36.

¹⁴² Lawrence Weschler, *Solidarity: Poland in the Season of its Passion* (Fireside book: Simon and Schuster, 1982), 138.

¹⁴³ Ben Slay 1994: 21.

¹⁴⁴ The Economist Intelligence Unit (EIU) Report: Poland 1985, Annual Supplement, P: 3.

¹⁴⁵ Ibid.

Resistance to the Nazi occupation came from the *Armia Krajowa* (The Home Army-AK), which was following orders from the government in exile in Paris and then London.¹⁴⁶ During the war, the number of armed Poles reached 600,000, among them 400,000 formed in the Soviet Union territories under the direction of the USSR leadership.¹⁴⁷ After the War, the Soviet Union broke its relations with the Polish government in exile in London, which was a sign of USSR desire to install a pro-Soviet government. At the end of World War II, Poland was occupied by the Red Army, and by the end of the 1948 it was already dominated by a pro-Soviet Communist Party of Polish roots. One can, therefore, say that international factors supported the development and consolidation of Communist ideology in Poland prior to and after World War II through supporting pro-Soviet communist party and empowering them.

Poland was a vital country for the Soviet Union. It was considered as “a linchpin of Moscow hegemonic system in Eastern Europe,”¹⁴⁸ but also a “potential catalyst of change in the region.”¹⁴⁹ The political and economic situation in Eastern Europe by the end of the World War II had changed tremendously. According to Jeffery Frieden, East Central Europe looked “profoundly different from that of the West, even before it felt the full impact of the Soviet Union. Most of the region had gone down the path of autarky and government control of the economy before 1939, and wartime conditions, whether under German occupation or as part of the Nazi-led alliance, had led to a further

¹⁴⁶ Ibid.

¹⁴⁷ Background notes, Poland. Washington, DC: U.S. Dept. of State, Bureau of Public Affairs, Office of Public Communication, (1991), page 3.

¹⁴⁸ Andrzej Korbonski “Soviet Policy toward Poland.” In *Soviet Policy in Eastern Europe*, edited by Terry Sarah Meiklejohn, 61-92 (New Haven; London: Yale University Press, 1984), 61.

¹⁴⁹ Ibid.

centralization of state ownership and control of the economy.”¹⁵⁰ War had intensified the state of uncertainty in the political and economic spheres, and Soviet ideology found its way during this politically and economically unstable period. Historian Norman Davis stated: “what happened in 1944-8 was that the Soviet Union forcibly imposed a Soviet-style communist system on Poland, regardless of the people’s wishes or the country’s independent interests.”¹⁵¹

After liberation and independence, similar model of the Soviet economy was implemented in Poland, in which “a significant portion of industrial enterprises, especially small businesses and domestic trade, were in private hands, central planning was still in *statu nascendi*, and economic mechanisms still played some role.”¹⁵² Poland’s economy was predominantly agricultural, but after World War II, with support from the Soviet Union, the Communist Party started its first economic plan with concentration on heavy industrialization.

The establishment of socialism in Poland

By the end of World War II, the Soviet Red Army had occupied the country and supported Communist Party; as a result, Poland became one of its satellite states in East Central Europe. Imposing the Soviet economic and political model was carried out through Sovietization and collectivization of the newly independent territories.¹⁵³ Like other satellite states in Eastern Europe, the Polish economy followed the Soviet Union’s

¹⁵⁰ Jeffery A. Frieden, *Global Capitalism: Its fall and Rise in the Twentieth Century* (Norton and Company, New York, 2006), 273.

¹⁵¹ Norman Davis, *Heart of Europe: A Short History of Poland* (Clarendon Press: Oxford, 1984), 3.

¹⁵² Adam Zurass, *The Economies of Eastern Europe in a Time of Change* (Macmillan: London, 1984), 112.

¹⁵³ Raymond Pearson, *The Rise and Fall of the Soviet Empire* (Palgrave, 2002), 175.

economic ideology. Poland became a member of the Council for Mutual Economic Assistance (CEMA or Comecon).¹⁵⁴ CEMA was established as a “counter weight of the Western Alliances, but played little economic role, [and its] autarkic economic policy limited the possibility of any mutual economic assistance.”¹⁵⁵ After the war, Poland became a buffer zone between two spheres of influence- United States (capitalism) and the Soviet Union (socialism) - divided by competing ideologies.

During the early years of the post-World War II era, “the principal geopolitical goal of both the American and the Soviet leaders, respectively of the capitalist and Communist worlds, respectively, was to prove the other side wrong,”¹⁵⁶ as “one side was intent on proving that global capitalism could be good for growth and equity; the other in proving that development and equity could be best achieved by rejecting global capitalism.”¹⁵⁷ Thus, two spheres of influence emerged in the international system: the capitalist camp dominated by the United States; and the socialist camp dominated by the Soviet Union. Each perceived the other as an enemy because of the difference in their economic ideologies, which led them to conduct a new war, the Cold War.

The new communist regime led by Bolesław Bierut was in power in 1944 when the Allies in World War II, accepted the installment of the Soviet-sponsored Lublin Provisional Government, with conditions related to holding free elections and the inclusion of members of the government in exile.¹⁵⁸ The Soviet Red Army in 1944 helped to form the ‘Polish Committee of National Liberation, which made up of former

¹⁵⁴ The Council for Mutual Economic Assistance (CEMA) established in 1949.

¹⁵⁵ Frieden 2006: 274.

¹⁵⁶ Ibid.,277.

¹⁵⁷ Ibid.

¹⁵⁸ Joseph Rothschild and Nancy M. Wingfield, *Return to Diversity: A Political History of East Central Europe Since World War II* (Oxford: Oxford University Press, 2000), 29.

underground Communist leaders.¹⁵⁹ This committee also included members of the Union of Polish Patriots and individual members of the Socialist and Peasant parties who cooperated with the communists for a shared enemy, Nazi Germany.¹⁶⁰ In January 1945, the Committee declared itself the provisional government of Poland. At the same time, resistance leaders who were loyal and supporting the Polish government in exile in London were either arrested or murdered. All forms of opposition and resistance movements to the Soviet Union domination were thus weakened, as described by Hans Roos:

The gradual suppression of the national underground forces was accompanied by action against the legal opposition as a particularly urgent necessity because the Government party proper, the PPR, had a relatively small number of adherents; between April and June 1945 its membership had sunk from 300,000 to 160,000. The main reason for this drop was that Zhdanov's policy speeches at that time and Mikołajczyk's participation in the Government had led many Poles to believe in the possibility of an 'individual Polish way', a 'middle way' between Eastern and Western forms of government, and made them think that it was possible to avoid a purely Soviet brand of communism.¹⁶¹

After the war, the provisional government was accepted and recognized as the legal government of Poland. Concerns of the Western Allies about the future of Poland were solved by the addition of some members of the exile government in London, including Stanisław Mikołajczyk. Mikołajczyk was the leader of the non-communist Peasant Party that rejected socialism in general and criticized land reform system in particular. The Peasant Party's main economic strategy was directed toward establishing large peasant farms based on hired labor, and it supported and

¹⁵⁹ For a thorough history and analysis of the origin of socialism in Poland, see Lucjan Blit, *The Origins of Polish Socialism*. And for an excellent analysis of the socialist ideas in Poland, through tracing its philosophical basis and the rise of revisionist movements in Eastern Europe, see Leszek Kołakowski and Stuart Hampshire, *The Socialist Idea: A reappraisal* (London: Weidenfeld and Nicolson, 1974).

¹⁶⁰ Joseph Held, *Dictionary of Eastern European History Since 1945* (Greenwood, 1994), 319.

¹⁶¹ Hans Roos, *A History of Modern Poland: From The Foundation of the State in the First War World to the Present Day* (Eyre and Spottiswoode: London, 1966), 224.

defended the idea of “private initiative” which allowed for small and medium-sized businesses in agricultural sector to operate.¹⁶² Mikołajczyk promoted “a programme of stabilization of socio-economic relations and the formation of a reformed capitalist economy in Poland.”¹⁶³ In June of 1945, the Polish Provisional Government of National Unity was established.

After the Yalta agreement a call for free elections was the major topic about the new Poland. However, in January 1947, a fraudulent election led to the defeat of the Polish Peasant Party and to victory for Communists with Bolesław Bierut as President.¹⁶⁴ During 1947, nationalization of the economy helped curb inflation. In the period between 1947 and 1953, “average enterprise size and the share of state ownership had increased, since small-scale industrial firms often proved to be of little use to the PZPR’s new central planning apparatus, which lacked the administrative flexibility, personal, and inclination to manage them effectively.”¹⁶⁵

On October 1947, Mikołajczyk fled Poland to London.¹⁶⁶ With the elimination of the multi-party system and the destruction of all anti-Communist opposition, a new chapter of Poland history had opened, characterized by monopolization of the political, economic and social spheres. As Hans Roos pithily summarized the situation: “by the final reduction of all oppositional parties to impotence the PPR had become the sole decisive political power in the country, and henceforth turned to the resettlement of internal ideological struggles within its own ranks. The real motive force for such

¹⁶² Ibid.

¹⁶³ Landau and Tomaszewski 1985: 198.

¹⁶⁴ On July 1947, the *Sejm* passed a bill concerning the objectives of the “Three-Year Plan for Reconstruction” (1947-1949). Ibid: 200.

¹⁶⁵ Ben Slay 1994: 23.

¹⁶⁶ Weschler 1982:144.

struggles sprang in the first place from Stalin's intention to convert the countries of Eastern bloc into 'people's Democracies,' an intention which was made particularly clear in the Prague revolution of February 25, 1948."¹⁶⁷ The years from 1944 until 1948 were regarded as the formative years of Communist hegemony. Real threats to communist dominance faded away with the consolidation of Soviet ideology. The table below shows the composition of the first national government in Poland after World War II. Note here that by the end of the 1940s, few members of this government remained - most were either expelled or had no other choice but to emigrate.

Table 3.2: Polish Government of National Unity in 1945¹⁶⁸

Name	Position	Political Affiliation
Edward Osobka-Morawski	Premier	Polish Socialist Party
Wladyslaw Gomulka	Vice-Premier, and Minister for the newly acquired Western Territories	Polish Workers Party
Stanislaw Mikolajczyk	Vice Premier, and the Minister of Agriculture	Polish Peasant Party
Marshal Michal Rola-Zymierski	Minister of National Defense	Independent- non-party minister ¹⁶⁹
Wincenty Rzymowski	Minister of Foreign Affairs	Democratic Party
Wladyslaw Kiernik	Minister of Public Administration	Polish Peasant Party
Stanislaw Radkiewicz	Minister of Public Security	Polish Workers Party
Konstanty Dombrowski	Minister of Finance	Polish Socialist Party

¹⁶⁷ Hans Roos 1966: 230-231.

¹⁶⁸ *Poland's progress in 1945*, Poland, (Washington, Library of the Polish Embassy, 1945): 3-4.

¹⁶⁹ Marshal Michal Rola-Zymierski a Minister of Defense and War, was "outwardly in sympathy with the aims of the PPR." Hans Roos 1966: 223.

Hilary Minc	Minister of Industry	Polish Workers Party
Jan Rabonowski	Minister of Communications	Democratic Party
J. Kapelinski	Minister of Posts and Telegraph	Peasant Party
Dr. Stefan Jendrychowski	Minister of Shipping and Foreign Trade	Polish Workers Party
Dr. Franciszek Litwin	Minister of Public Health	Polish Peasant Party
Stanislaw Tkaczow	Minister of Forestry	Polish Workers Party
Jan Stanczyk	Minister of Labor and Social Welfare	Polish Socialist Party
Czeslaw Wycech	Minister of Education	Polish Peasant Party
Wladyslaw Kowalski	Minister of Culture and Art	Peasant Party
Henryk Swiontkowski	Minister of Justice	Polish Socialist Party
Prof. Michal Kaczorowski	Minister of Reconstruction	Polish Socialist Party
Stefan Matuszewski	Minister of Public Information	Polish Socialist Party
Dr. Jerzy Sztachelski	Minister of Supplies and Trade	Polish Workers Party

Bolesław Bierut had worked for the Soviet NKVD (*Narodnyi Komissariat Vnutrennikh Del*-People's Commissariat of Internal Affairs), and was regarded as a radical advocate of Communist ideology. Bierut's primary goal was to implement the Soviet model of socialism in Poland. Władysław Gomułka, on the other hand, wanted to introduce "national communist," because he believed in the 'Polish road' toward socialism, but he failed and was accused of being 'nationalist' and 'rightist.' Bierut, the

head of the pro-Moscow Communist Party in Poland,¹⁷⁰ had replaced Władysław Gomułka as First Secretary.¹⁷¹

Poland and other countries in the Eastern European bloc were influenced by political and economic developments in the Soviet Union. However, it is not correct to say that all countries under communist rule had the same degree of repression and Stalinization. In Poland, for example, “the Polish rendition of Stalinism was milder than the versions introduced in other Eastern European countries after 1947.”¹⁷² By 1946, the government had already started the nationalization, collectivization and industrialization of Polish economy; and by 1947, a Central Planning Office was established in order to develop economic plans for Poland’s new command economy. By 1948, the Polish Workers’ Party (Communist) and the Polish Socialist Party had integrated into a new Party, the Polish United Workers Party - PZPR.¹⁷³ This merger ensured Communist Party supremacy and hegemony over the other parties; the Peasant and the Democratic parties.

Political power

Political power in Poland was dominated by one party, the Polish United Workers’ Party (*Polska Zjednoczona Partia Robotnicza*, PZPR) since the consolidation of communist power after World War II. Prior to communist consolidation of political and economic power, Poland had a history of a multi-party democratic system. The

¹⁷⁰ Bolesław Bierut “Influenced by leftist-socialist ideas, Bierut joined the Polish Communist Party in 1918 and spent the rest of his life organizing and publicizing communist ideas in Poland.” Source: Boleslaw Bierut | Polish statesman | Britannica.com, <https://www.britannica.com/biography/Boleslaw-Bierut>.

¹⁷¹ Ben Slay 1994: 25.

¹⁷² Ibid., 24.

¹⁷³ Hans Roos 1966: 232

history of the formation of the Polish Communist Party is important and merits a brief description. The Polish Communist Party was formed in 1918 and was disbanded in 1939. Stalin supported the formation in 1941 of a new party, the Polish Workers' Party (PPR) after German invasion of Poland.¹⁷⁴ Another party of the left - the Polish Socialist Party (PPS) – already existed. In the late 1940s, the two parties merged into a single party, the PZPR, during what has been called the 'Gomułka crisis.' In December 1948 with the forced integration of the PPS and PPR, the period of completion of Sovietization in Poland completed.¹⁷⁵ There were two other parties - the Peasant's Party (*Zjednoczone Stronnictwo Ludowe*, ZSL) and the Democratic Party (*Stronnictwo Demokratyczne*, SD) – those parties had “no right to oppositional activities, and since 1947 have not been permitted to put up their own list of candidates for parliamentary election.”¹⁷⁶ They were allied with PZPR, and had no power. Like any Soviet-type system, real power was rested with the PZPR, which controlled parliamentary elections through its control over the list of candidates.

Any change in Soviet leadership had a direct impact on the political configuration of the satellite regimes in Eastern Europe.¹⁷⁷ The Stalinist period, which was characterized by repression, came to an end in 1956 with the death of Stalin. De-Stalinization of the Soviet Union in Poland came after a period of repression and fear, and started after Khrushchev's secret speech of 1956 about injustice during the Stalin years. In Poland, de-Stalinization led to some degree for political opening up.¹⁷⁸ It is

¹⁷⁴ The Economist Intelligence Unit Report, Poland 1985. Annual Supplement. P: 5

¹⁷⁵ Groth 1972: 19

¹⁷⁶ Zurass 1984: 104.

¹⁷⁷ Maryjane Osa, *Solidarity and Contention: Networks of Polish Opposition* (University of Minnesota Press, 2001).

¹⁷⁸ Ibid.

important to recall that the first sign of political crisis in Poland appeared in 1947–1948 and centered on the issue of whether Poland should pursue its own road of socialism or should follow the Soviet model, as mentioned before. In 1956 strikes erupted in Poznań and the government reacted violently. The workers' major demands revolved around the need to end centrally imposed economic programs, and for improvements in working conditions and the standard of living. These strikes led to the fall of Bolesław Bierut and to the return of Władysław Gomułka who advocated Poland's 'variant' road to socialism.

Polish socialism: the “October Revolution”¹⁷⁹

Polish socialism has a long and distinguished tradition. At the time of Poland's partition, there were already socialists who were influenced by the Russian revolution and had adopted socialist ideas. In *The Origins of Polish Socialism*,¹⁸⁰ Lucjan Blit shows that “some of the young Polish revolutionaries were so attracted by the Russian movements and intellectual life that they stopped thinking of themselves as a Poles,.. ...[and] in 1880 Polish socialist students formed a united revolutionary center which they called *Gmina Socjalistow Polskich* – the Polish Socialist Commune.”¹⁸¹ However, there were socialists who remained patriotic and formed their Polish Socialist Party (PPS).¹⁸²

Thus, there were two groups of socialists in Poland, one that advocated for

¹⁷⁹ It has been termed as “October turning point,” “October Revolution,” “October Bloodless Revolution,” “October turn,” and “October Upheaval.” In “The October (1956) Upheaval in Retrospect,” in *Poland since 1956*, edited by Tadeusz N. Cieplak (TWAYNE Publisher, New York, 1972): 1.

¹⁸⁰ Lucjan Blit, *The Origins of Polish Socialism: The History and Ideas of the First Polish Socialist Party 1878-1886* (Cambridge University Press, 1971), 18.

¹⁸¹ Blit added that Polish Socialist student groups in Russia “penetrated the newly refounded Warsaw University. At first their socialist pleading was rejected by the majority of those who came to their clandestine meetings, who were under the influence of the Warsaw Positivists and who condemned socialism as contrary to the scientific laws governing the economic and social life of modern nation; and also because of the obvious Russian influence.” *Ibid.*, 19.

¹⁸² The Social Democracy of the Kingdom of Poland and Lithuania a Marxist political party founded in 1893 and later it merged to the Communist Workers Party of Poland. *Ibid.*

deviation from the Soviet model and rejected the domination of the USSR over Poland's internal and external affairs, and another group advocating direct imposition of the Soviet model of socialism. The first group was represented by Władysław Gomułka, who was expelled after the Central Communist Committee meeting and accused on the basis of his "deviations to the right."¹⁸³ Gomułka and his group were eliminated from the Party and were accused of being "pro-Titoists."¹⁸⁴ Bolesław Bierut represented the pro-Soviet group. Before his expulsion from the Party, Gomułka participated in 1947 in the National Government as a Prime Minister. The unification of the Polish Socialist Party and the Polish Workers' Party into the Polish United Workers Party was a clear sign of Soviet domination over the Polish government. With the merger between the two Socialists parties, the "Communization" and "Stalinization" formative phase was completed.¹⁸⁵

Władysław Gomułka, one of the most influential Polish communist leaders, led the PPR until 1948 when he was expelled for his "Polish road of socialism" as a rightist/nationalist; and he was later (1951) imprisoned for the same reason. He returned to power during the Polish October (1956), after the death of Stalin and the failure of the Six Year economic plan. Years of repression and fear in Poland, combined with the revelation of Stalin's crimes, brought an opportunity for change in Poland and elsewhere in East Central Europe. Gomułka was reinstated in October 1956. This political transition was termed at that time as the "bloodless October Revolution." This period of Poland's political history was also described as a phase of political liberties, which in reality opened up a new but short period of liberalization of public life. This did not last

¹⁸³ Hans Roos 1966:132.

¹⁸⁴ "The October (1956) Upheaval in Retrospect" In *Poland since 1956*, edited by Tadeusz N. Cieplak (TWAYNE Publisher, New York, 1972): 3.

¹⁸⁵ Groth 1972: 19.

for long, though, because political retreat and reversal of obtain freedom started soon after. Gomułka was recognized as the martyr of the Stalinist phase because he was jailed for having a “nationalist deviation.” Gomułka’s idea was, as argued by Adam Ciolkosz,¹⁸⁶ not different from former leaders of the Party. Gomułka was hailed and praised by the Polish people because of their aspiration to have an independent Poland that could achieve “democratic socialism,” rather than “Soviet Communism.”¹⁸⁷ He was perceived as a liberator for Poland. During Gomułka’s first years, dissident journals were more active, in particular, Leszek Kołakowski editor of *Po Prostu* (To Put It Plainly), became very popular and critical to the Party.

The Economic Council was created in 1957. It was established as a consultative body to aid government economic policy. The chairman was Oskar Lange, and Michał Kalecki and Edward Lipiński were the vice-chairmen. These economists prepared a promising economic proposal for restructuring the economy and improving the economic system.¹⁸⁸ However, the new Economic Council “did not question the superiority of socialism over capitalism and found fault only with the unsophisticated and ‘voluntaristic’ nature of the Six Year Plan.”¹⁸⁹ The Economic Council’s major goal was to reform the system by introducing an available alternative under the umbrella of socialism. Economists sought to improve the role of markets and prices and did not

¹⁸⁶ Adam Ciolkosz stated that “what is essential is that Gomułka, in his words and deeds, supports ‘People’s Democracy,’ ‘the Dictatorship of the proletariat,’ and the Communist Party monopoly of the working class movement. The difference between his Poland and that of Bierut is that the decision-making center on internal affairs has moved from Moscow to Warsaw. The state structure, however, remains a dictatorship.” Adam Ciolkosz, “The Rise and Fall of ‘Modern Revisionism’ in Poland.” In *Poland since 1956*, edited by Tadeusz N. Cieplak (TWAYNE Publisher, New York, 1972): 23.

¹⁸⁷ Marian K. Dziewanowski, “The Return to Gomułka in October 1956.” In *Poland since 1956*, edited by Tadeusz N. Ciepla (TWAYNE Publisher, New York, 1972): 11.

¹⁸⁸ The Council included Michał Kalecki, Włodzimierz Brus and others, who were appointed to advise the Council of Ministers. Their role was limited and constrained by existing administrative-central control.

¹⁸⁹ Ben Slay 1994: 29.

advocate the replacement of the planned economy with a market economy.¹⁹⁰ Decentralization of economic management and the involvement of workers through their participation in workers' councils were Gomułka's principal goals.¹⁹¹ The most radical change within the enterprise was the formation of workers' self-management in the shape of workers' councils.¹⁹² The idea of self-management through workers' councils was supposed to promote a workers' democracy by allowing workers to elect their own managers and run their own enterprises without direct control by the government. The role of these councils diminished gradually during the first half of the 1960s, but they reemerged after the strikes in August 1980 with the emergence of Solidarność, which will be discussed later on. The years between 1957 and 1970 saw rapid growth in industrial production.¹⁹³ Industrial output accelerated and consumer goods production increased, as shown in the table below:

Table 3.3: Economic development in Poland from 1957- 1970¹⁹⁴

Indicators	1957	1958	1959	1960	1961	1962	1963
National Income	110.7	116.9	122.9	128.3	138.8	141.7	151.5
Percentage of Accumulation in National Income	22.6	22.7	23.2	24.2	25.0	24.1	25.4
Industrial Investment	102.2	111.5	131.0	134.6	148.5	171.5	178.7

¹⁹⁰ Ibid.

¹⁹¹ Zurass 1984: 116.

¹⁹² Landau and Tomaszewski 1985: 251.

¹⁹³ Ibid., 253.

¹⁹⁴ Ibid., 254-255.

Industrial Output	110.4	121.2	132.0	146.0	161.0	174.4	183.7
Production of Capital Goods	107.8	117.3	132.9	151.0	168.6	185.1	199.2
Production of Consumer Goods	112.1	124.3	130.6	141.3	152.9	162.6	166.5
Employment	105.1	106.2	107.2	107.8	110.4	114.7	117.4

Table 3.3: Continued¹⁹⁵

Indicators	1964	1965	1966	1967	1968	1969	1970
National Income	161.7	173.0	185.3	195.9	213.5	219.7	231.2
Percentage of Accumulation in National Income	25.4	26.8	27.7	27.1	28.5	27.3	27.9
Industrial Investment	184.2	197.2	209.0	233.2	257.2	283.0	285.5
Industrial Output	200.5	218.5	234.9	253.4	277.1	301.5	325.9
Production of Capital Goods	219.2	240.8	260.0	283.1	313.7	345.1	377.5
Production of Consumer Goods	179.6	193.7	205.8	217.0	231.6	257.6	267.3
Employment	119.6	125.5	130.1	135.9	141.0	145.9	148.2

¹⁹⁵ Ibid.

Gomułka's years, which had begun with the promise of economic and political reforms, slowly degenerated and reversed, particularly in political freedom. By the late 1950s it was clear that economic reform produce no result. Workers' councils that flourished as part of a solution to economic centralization were incorporated in the existing economic central bureaucracy.¹⁹⁶ During that time, revisionist ideas for reform emerged as an attempt to reform the Party from within. Revisionist ideas enjoyed the liberty given to them after the reinstallation of Gomułka, but their vision of reform was soon confronted by repression, and they were attacked and were regarded as being anti-socialist.

With the deterioration of the economy, social unrest erupted in 1968. These demonstrations took place at similar time as the demonstrations in other parts of Central Europe. Before that, in 1964, Karol Modzelewski and Jacek Kuroń wrote their *Open letter to the Party*, which criticized Communist Party and the bureaucratic class and argued for the creation of independent trade unions and workers' councils. They said in their letter:

If workers were deprived - above and beyond the right to vote - of the possibility of self-defense against the decisions of their representational system, the system would degenerate and act against the interests of those it supposed to represent. If the working class were deprived of the possibility of defending itself against the state, workers' democracy would become fiction.¹⁹⁷

Kuroń and Modzelewski were arrested after they wrote 'the Open Letter.' By 1968, unrest arose among the public and tensions escalated within the Party. The liberal

¹⁹⁶ The years from 1957 to 1960 was ascribed as the period of "counter reform." The workers councils that had appeared spontaneously in 1956 under Gomułka rule – "had by 1958 incorporated into 'Workers Self-Management Conferences' (KSRs) controlled by the PZPR and the official trade unions." Ben Slay 1994:29.

¹⁹⁷ Gale Stokes, *From Stalinism to Pluralism: A Documentary History of Eastern Europe Since 1945* (Oxford University Press, 1991), 114.

wing of the Party included Leszek Kołakowski, the most prominent philosopher in Poland, supported the critics of the Party in the 'Open Letter.' Kołakowski was one of the 'revisionists' who wrote about the economic ideas of socialism, and his writing later influenced *KOR* and *Solidarność* movement.¹⁹⁸ He was expelled from the Party and was forced to emigrate in 1968. Kołakowski wrote in 1974:

I believe that Socialist thinking which is centered on its traditional topics (how to ensure for the working society more equality, more security, more welfare, more justice, more freedom, more participation in economic decision) cannot at the same time be infatuated with prospects of the perfect unity of social life. The two kinds of preoccupation run against each other. The dream of perfect unity may come true only in the form of caricature which denies its original intention: as an artificial unity imposed by coercion from above, in that the political body prevents real conflicts and real segmentation of the civil society from expressing themselves. This body is almost mechanically compelled to crush all spontaneous forms of economic, political and cultural life and thus deepens the rift between civil and political society instead of bringing them closer to each other.

If it is asked whether this result was somehow inscribed in the original Marxism thought, and answer is certainly 'no' if 'inscribed' means 'intended'. All evidences are there to show that the primordial intention was the opposite of what grew out of it. But this primordial intention is not, as it were, innocent. It could scarcely be brought to life in a basically different form, not because of contingent historical circumstances but because of its very content.¹⁹⁹

In March 1968, student protests erupted after the cancelation of Mickiewicz's play, *Dziady* (Forefathers). The government reacted aggressively by closing down departments of economics, philosophy, sociology, and psychology, and students were expelled and professors dismissed. In November 1968, Gomułka started implementing the idea of "selective development," which he explained at the Party's Fifth Congress:

Premises of industrial development include changes in the branch structure and in proportion of increase of production of means of production and means of

¹⁹⁸ Leszek Kołakowski ideas "had been censored even in the supposedly more liberal communist Poland of the late 1950s and 1960s." *The Economist*, July 30th 2009.
<http://www.economist.com/node/14120114>

¹⁹⁹ Leszek Kołakowski, *The Myth of Human Self-Identity: Unity of Civil Society and Political Society in Socialist Thought* (Weidenfeld and Nicolson: London, 1974), 34.

consumption. Industries decisive for modernization of the national economy will develop much more rapidly than the average industrial output.²⁰⁰

Social unrest erupted again when meat prices increased in 1970.²⁰¹ The previous economic reform plan failed to improve the economy, which had led to the stagnation of real wages. The number of strikes increased on the Baltic shores. In addition, there were violent clashes with the police and army in Gdansk. Thus, the hopes in 1956 for a democratic and prosperous ‘Polish road’ to socialism during Gomułka “had come to nothing.”²⁰² The idea of economic reform proposed by Oskar Lange and other prominent economists through the Economic Council from 1956 until 1958 did not achieve its optimal goals.²⁰³ As Zurass observed: “the components of the 1956 reform program were allowed to fall by the wayside one by one; the bodies of self-administration for factors workers, formed spontaneously in the first phases of the Gomułka era, were merged into a unified body of the trade union, workers’ self-determination councils, and a party committee under the leadership of the party. Thus, the traditional centrally administered system was gradually restored.”²⁰⁴ In addition, the second Five Year Plan (1961–1965) was based on the idea that the economic mechanism could make a transition from ‘extensive’ economic growth to ‘intensive’ economic growth, but the economy failed to make that transition and thus “legitimized the search for new reform ideas.”²⁰⁵

In general, the degree of workers’ control over management was gradually diminished. It is important to note that the idea of self-management had historical roots in Poland when Polish workers took over factories during the German invasion.

²⁰⁰ Landau and Tomaszewski 1985: 259.

²⁰¹ The economic ‘selective growth strategy’ led to negative consequences on living conditions.

²⁰² Ben Slay 1994:34.

²⁰³ The actual importance of the Economic Council was diminishing and in 1962 it ceased to exist.

²⁰⁴ Zurass 1984:116.

²⁰⁵ ‘Extensive based on quantitative increase in inputs and intensive is based on increases in resources productivity.’ Ben Slay 1994:34.

Gierek and the WOG economic reform

Edward Gierek, who replaced Gomułka in 1970,²⁰⁶ inherited similar problems faced by his former. Gierek responded to the economic, political and social problems by attempting new economic plan. Gierek's new economic reform model was based on the introduction of technology into Poland's economy and economic opening.²⁰⁷ The failure of previous partial reforms led the government and the Party to introduce new economic reforms. In February 1971, a commission was created by the Party's Politburo and the Presidium of the Council of Ministers to identify the principles for the new economic reform model:

The projected decentralization included a considerable limitation of the authority of the central power and an increase in the independence of enterprises. Economic organizations were to be relieved of most of the directives cramping their initiative, like employment limits, wage funds. These factors of production were to be regulated by synthetic measures like profits and the value added and parameters centrally fixed for several years. It was assumed that economic organization would determine their productive programme entering into adequate relations with other organizations. Productive directives were to be limited only to extraordinary cases.²⁰⁸

By the end of 1974, Poland had increased its trade with CMEA, with an 86 percent increase in its operations with East Germany, 21 percent with the Soviet Union, 20 percent with Czechoslovakia, 13 percent with Hungary, 4 percent with Romania, and 4 percent with Bulgaria.²⁰⁹ In addition, Poland had increased its trade with Western countries by mid-1974 and onwards; the table below shows the major Western countries with which Poland increased its trading in 1975 as compared with 1974:

²⁰⁶ Demonstrations and strikes in the towns of Polish Baltic coast in December 1970, forced the Party to replace Gomułka with another leader.

²⁰⁷ Ibid.

²⁰⁸ Landau and Tomaszewski 1985: 299.

²⁰⁹ The Economist Intelligence Unit Report: Poland 1975. No. 4, P: 10.

Table 3.4: Poland's Trade with Western Countries in 1974 and 1975.²¹⁰

Country	Exports, Jan–June 1974			Imports, Jan–June 1975		
	1974	1975	Change %	1974	1975	Change %
Austria	56.2	75.7	34.7	97.5	164.8	69.0
Belgium/Luxemburg	50.3	73.4	45.9	96.5	131.5	36.4
Denmark	68.9	86.0	24.8	56.6	74.7	32.0
Finland	60.2	84.6	40.4	22.3	34.9	56.5
France	129.6	175.4	35.3	186.0	279.8	68.5
West Germany	251.8	271.6	7.9	661.7	628.4	–5.1
Italy	153.6	143.8	–6.4	151.6	213.8	41.1
Netherlands	45.8	64.1a	39.9	75.3	102.0 a	35.1
Norway	22.9	35.4	54.5	27.7	33.1	19.3
Spain	47.3	69.9	47.8	33.0	41.7	26.3
Sweden	73.6	96.4	31.0	120.5	240.9	99.9
Switzerland	17.9	16.7	–6.8	68.3	93.1	36.3
Turkey	14.8	11.2	–24.4	6.7	5.0	–25.4
UK	142.5	135.4	–5.0	163.4	206.9	26.6
USA	120.7	124.4	3.1	212.3	255.5	20.3

Initially, Gierek's new economic program led to an increase in real wages and increased imports of consumer goods. During that period of time, Poland turned to the West.²¹¹ This new economic plan, called the "New Development Strategy," was based on a rapid increase in living standards, increasing consumerism, and increased integration

²¹⁰ Ibid.

²¹¹ Ben Slay 1994: 35.

into the international economy. The government during that time started to borrow intensively from Western countries. The key to the new plan was to obtain Western imports of investment goods and consumer goods, thus, “Western credits helped to fund Gierek’s policy of ‘consumerism’, a policy which aimed to seek political support and legitimacy in exchange for a visible increase in the standard of living, as a substitute for the overdue political and economic reform.”²¹² This reform was to be based on Large Economic Organizations (*Wielka Organizacja Gospodarcza*, WOG).

Poland’s economic problems had increase mid-1970s, with a growing foreign debts problem. In June 1976, when the government announced price increase, workers’ strikes erupted in Radom and at Ursus (a tractor factory in Warsaw) in protest. With the shortage of food, particularly meat, from shop shelves; Poland entered a new stage of crisis in 1976. Worker unrest started and was handled by violence from the government. In September 1976, intellectuals formed the KOR (*Komitet Obrony Robotników*, Workers Defense Committee) to assist workers struggling with the state. The group remained active until September 1981.²¹³ Jacek Kuroń summarizes *KOR*’s core principles:

The basis of KOR’s activity was the conviction of the inviolability of human and civil rights and the conviction that any society must defend itself against force and provocations. We planned to defend rights and freedom by building independent social bodies and mutual solidarity. Ours has never been a political movement, and our strength has always been mutual solidarity against violations of the Law with regard to the workers.²¹⁴

²¹² Batara Simatupang, *The Polish Crisis: Background, Causes and Aftermath* (Routledge, 1994), 13.

²¹³ Robert Zuzowski, “The Origins of Open Organized Dissent in Today’s Poland: KOR and Other Dissident Groups,” *East European Quarterly* 25.no.1 (March 1991).

²¹⁴ *Rome AVANTI*, “Solidarity Leaders Interviewed on Developments.” FBIS-EEU-81-192. 30 September 1981. P: G37. He added that “when Solidarity was formed, KOR’s function and role was exhausted. It was a unique and unrepeatable phenomenon of social organization whose program was implemented point by point and adapted each time to the country’s politico-social conditions. Many of KOR’s sympathizers are now in Solidarity; as experts, officials or simply as members. The movement has

The major objectives of *KOR* were the following:

1. To “struggle with repression for reasons of politics, worldview, religion or race, and to aid those persecuted for these reasons.”²¹⁵
2. To “struggle against violations of the rule of law, and to help those who have been wronged.”²¹⁶
3. To “fight for institutional protection of civil rights and freedoms.”²¹⁷
4. To “support and defend all social initiatives aimed at realizing Human and Civil Rights.”²¹⁸

Leszek Kołakowski’s reformism ideas were disseminated at the beginning of the 1970s and were adopted by the majority of the Polish opposition, in particular by *KOR*. Kołakowski did not suggest any idea about the form an opposition movement should take, therefore, Jacek Kuroń and Adam Michnik developed an idea to transform social evolutionism into a program of social action.²¹⁹ Other opposition groups emerged at the same time, in particular, the Movement for the Defense of Human and Civil Rights in Poland (*Ruch Obrony Praw Człowieka i Obywatela, ROPCiO*) and the Confederation of Independent Poland (*Konfederacja Polski Niepodległej, KNP*).

In 1976, the government attempted to introduce changes and announced the ‘New Economic Manoeuvre,’ proposed by Gierek in 1977, to shift from heavy industry to

grown, developed and branched out. It is a mass movement. Therefore, *KOR*’s existence no longer has any purpose. It is ‘now Solidarity which defends the workers of their rights.’ Ibid.

²¹⁵ Michael Bernhard, *The Origins of Democratization in Poland: Workers, Intellectuals, and Oppositional Politics, 1976-1980* (New York: Colombia University Press, 1993), 123.

²¹⁶ Ibid.

²¹⁷ Ibid.

²¹⁸ Ibid.

²¹⁹ For further information about the political ideas of *KOR* and *Solidarność* movement, see Jan Zielonka, *Political Ideas in Contemporary Poland* (Avebury, 1989).

consumer goods production.²²⁰ This new economic reform plan consisted of attempts to curb imports, and slow down the rate of investment. By 1978, the government had announced eighteen investment projects and a six points national economic plan, which was reported in the EIU report of Poland in 1978. The following are the major six points agreed upon at the Council of Ministers, as indicated by the EIU report.²²¹

1. The necessity “to strengthen the market equilibrium by maintaining a high rate of growth of production for the consumer market and by strict discipline of monetary income of the population;”²²²
2. The need for an acceleration and advancement of the agricultural sector of the economy, “to ensure adequate supplies of food from domestic production;”²²³
3. The need for adequate measures to increase the rate of export products to cure the budget deficit;
4. The need to accelerate the process of constructing houses;
5. To concentrate on completion of projects started by “all efforts in investment... which are to start production in 1978 and 1979;”²²⁴
6. The necessity to use raw material more effectively.

In sum, “the announced reform of the Polish economic system, thought inevitable by economists, was washed. The changes introduced were only partial and the system resulting from them was inconsistent. The worsening economic situation of the late 1970s caused the practical abandonment of reforms, although they were inevitable to overcome

²²⁰ Amarita Chhachhl, Ravi Palat and Paul Paul, “Movements Towards Worker’s Democracy: Solidarity in Poland,” *Economic and political Weekly* 17, no.27 (Jul.3, 1982):1113-1118.

²²¹ The Economist Intelligence Unit Report of Poland and East Germany 1978, No.4, P: 9-10.

²²² Ibid.

²²³ Ibid.

²²⁴ Ibid., 10.

the crisis. In the course of time economic strains increased, the whole system was more and more disorganized and unavoidable social costs of reforms grew.”²²⁵ The ‘New Economic Strategy’ plan had failed and new economic reforms agendas had been introduced. See below the contribution of both the socialized and private sector in Poland’s national economy. The socialized sector contributed most to the Polish economic GDP compared with the private sector.

Table 3.5: Social and Private composition in Poland Economy²²⁶

Economic Sector	1973	1979
Socialized sector	80.0	83.4
Primary income of population	34.3	-
Primary income of enterprises	45.7	-
Non-socialized sector	20.0	16.6
Primary income of employed population	0.5	-
Primary of auxiliary activities	1.9	-
Primary income of private enterprises	17.6	-
Total	100.0	100.0

By late 1979 and early 1980, Polish authorities were not able to achieve trade balance with Western countries and were unable to pay its foreign debts. In addition, some consumer products were diverted and transferred from the domestic market to the international market in early 1980, resulting in a shortage of basic goods. On July 1, 1980, Gierek’s government announced an increase in meat prices. This led to widespread strikes all over Poland. The table below shows the development of the price of consumer goods, especially food, from 1973 until 1978.

²²⁵ Landau and Tomaszewski 1985: 300.

²²⁶ The Economist Intelligence Unit Report of Poland and East Germany 1979, No. 4, P: 9.

Table 3.6: Poland's Consumer Prices from 1973 to 1978²²⁷

Years	1973	1974	1975	1976	1977	1978
All Items	100.3	106.3	113.3	118.1	124.6	134.2
Food	102.1	112.4	114.1	117.8	123.8	133.3

Note here that the price of consumer goods, especially foods, was increasing year after year. The problem did not reside only with the rise in food prices; the greater issue was that consumer goods were in frequent shortage. This trend was considered one of the major shortcomings of the socialist planned economy.

The Ursus factory directly went on strike against the increase and the workers demanded wage increases and compensation. Strikes and work stoppages spread quickly all over the country to other factories in Warsaw, Gdańsk, Szczecin, Krakow and Katowice. The Party kept the price increases. Meanwhile, *KOR* started to publish the strikers' activities and set up an information network to feed news of the strikers to the public through Radio Free Europe and the BBC, while the government's official press did not cover the unrest.²²⁸ *KOR*'s major role was to disseminate information about strikes taking place on Poland's coastal shores and later to act as major advisor to Solidarność in its negotiations with the government in August 1980.

The period between 1980 and 1981 was one of the historic juncture in Poland's history. It witnessed the development of civil society with the emergence of Solidarność, which paved the way for a great transformation in Poland's political, societal and economic transitions in 1989-1990. Economic deterioration went alongside a political

²²⁷ The Economist Intelligence Unit Report, Poland and East Germany 1978, No.4, P: 16.

²²⁸ Neal Pease, *Historical Setting in Poland: A country Study*, ed. Glenn E. Curtis, 3rd ed. (Washington: US government Printing Office, 1994).

stalemate between workers and the state. During the time of this economic crisis, the Party started running out of ideas on how to control the economy and the society. Gierek retired and was replaced by Stanislaw Kania, who stayed for a very short period of time.²²⁹ Kania attempted to purge and reform the Party from within, but was forced to resign. General Wojciech Jaruzelski replaced Kania as a first Secretary of the Central Committee of the Polish United Workers' Party on October 18, 1981.

The rise of Solidarność

Prior to the formation of Solidarność, opposition movements were already on the rise in different parts of Poland. The creation of the Solidarność movement came after several strikes, predominantly on the Baltic Coast. After the government announced on July 1, 1980, a larger increase in the price of meat, widespread strikes took place in different parts of Poland, including Lublin and Gdansk. Stoppage of railroad work paralyzed the whole country and impacted the economy. Meat and many other consumer goods suffered chronic shortages. The economic crisis in early 1980 led to social unrest. Kazimierz Z. Poznanski stated in this regard that:

the 1980 decision to sharpen the austerity programme, and shift more of the burden of arresting the unraveling economic crisis to consumers, did not work. It provoked mass unrest that the regime found—for the first time in the postwar period—impossible to dissolve quickly. Neither wage concessions nor promises of political concessions, so effective in the early days of Gierek's rule, worked this time.²³⁰

²²⁹ Norman Davis, *Heart of Europe: The Past in Poland's Present* (Oxford University Press, 2001).

²³⁰ Kazimierz Z. Poznanski, *Poland's Protracted Transition: Institutional Change and Economic Growth 1970-1994* (Cambridge: Cambridge University Press, 1996), 80.

On August 14, strikes broke out at the Gdańsk shipyard and ports.²³¹ About 50,000 Gdańsk workers were on strike by August 15.²³² On August 16, the inter-factory strike committee (*Międzyzakładowy Komitet Strajkowy*, MKS) was formed in Gdańsk.²³³ This committee represented more than twenty striking factories. By the last week of August, the government started its negotiation with the committee. The strikers demanded an increase in wages and also asked for the legalization of an independent trade union. The organization of the workers and their concrete demands reflected their learned experiences from the previous strikes of 1956, 1970, and 1976, as stated by Maryjane Osa.²³⁴

Lech Wałęsa emerged here as one of the MKS's most charismatic leader of workers. He urged workers, in late August, not to spread the strikes any further in order to allow the negotiators to work out an agreement with the government. *Solidarność* was regarded as the first mass social movement that demanded an independent trade union in Communist Bloc. The crisis that culminated in August 1980 did not come only as a reaction to the economic situation, but also directed to the monopolization of the political system by the Communist Party. "The sense of outrage was not merely experienced as a form of class injustice, but was translated in the political dimension into democratic and national grievances as well,"²³⁵ in which workers felt that the system "barred them from any meaningful participation in the decisions that affected them."²³⁶ Mistrust of

²³¹ Weschler 1982: 171.

²³² Ibid., 172.

²³³ Ibid., 173.

²³⁴ Osa argued that in the previous strikes, different factors contributed to its failure to evolve into a social movement, but this time, workers had learned from their past experiences. For more detailed analysis of all previous strikes, see Maryjane Osa, *Solidarity and Contentious: Networks of Polish Opposition* (University of Minnesota Press, 2001).

²³⁵ Bernhard 1993: 158.

²³⁶ Ibid.

authorities was widespread among the people after previous disappointments with the government, which had promised changes but never implemented them. A prevailing atmosphere of mistrust and uncertainty toward the Party and its failed economic reforms was also driven by the notion that the authorities were dependent on the Soviet Union.

Michael Bernard enumerated five main causes of workers' dissatisfaction with authority. First, the regime's manipulation of wage policy meant that workers were paid according to piece-rates. As a result, "stoppages at one factory turned into production bottlenecks at others whenever deliveries promised by one did not appear at the other,"²³⁷ and that the management's reaction "was to force crews to work overtime to make up for lost output and wages."²³⁸ The second problem was increasing working hours for workers without compensation for the extra time.²³⁹ Third, the managers manipulated production quotas and reporting systems in ways that reduced costs or fulfilled the plan at the expense of workers' welfare.²⁴⁰ Fourth, workers' health and safety standards suffered from widespread neglect.²⁴¹ The last cause for workers' dissatisfaction was the authorities' reduction of workers' health benefits. In sum, deterioration "in wages, working conditions, and safety in mining was caused by an innovation introduced in 1978 to boost productivity, called the four brigade system."²⁴² Thus, the system that was built in order to ensure equity for workers and emphasis their prominent role was in reality undermining them. Within days of the strikes the workers occupied the Gdansk and

²³⁷ Ibid., 153.

²³⁸ Ibid., 153- 154.

²³⁹ Example of strikes that erupted due to this new system of piece-rate quotas was the Pabianice Dressing Material Factory (PASO) strike. Micheal Bernard 1993:154.

²⁴⁰ Ibid., 154.

²⁴¹ Ibid.

²⁴² Four- brigade system, according to Bernhard, designed to "allow for 24 hours exploitation of mines. The crew was broken up into four brigades to cover three shifts. Each brigade worked six days on one of the three shifts and then go two days' rest. Thus, each day three brigades were supposed to work an eight hour shift while one brigade rested" (Micheal Bernhard 1993: 156).

Szczecin shipyards. Workers in both locations began collecting demands to present to the authorities. It seemed here that the authorities were divided between using force to end strikes or negotiating with them.²⁴³

By the end of August, an agreement was reached entitled the “Gdańsk accord,” which was signed between the government and Solidarność based on Solidarność’s twenty-one demands. Among other things, Solidarność urged the government to “undertake real measures to get the country out of the crisis through (a) broadcasting full information on the socioeconomic situation; (b) enabling all circles and social strata to take part in discussions of the reform program.”²⁴⁴ It is clear that workers were dissatisfied with the economic reform of the planned economy and they mistrusted how the Party was handling the deterioration of the social and economic situation because: “only society that is aware of problems and has a firm understanding of reality can initiate and realize a program of brining order into our economy.”²⁴⁵

One of the major demands was the reintroduction of the idea of self-management through workers’ councils. Solidarność’s demands avoided a clash with the existing system, but they demanded an increase role for the workers through what was termed as ‘industrial democracy,’ and ‘participatory democracy.’ For them, the idea of workers’ involvement in the management decision-making would reduce the monopoly of the

²⁴³ These strikes proved that the government was not able to contain the unrest that caused by economic hardship. Gierek in the meeting of the Politburo about the strikes in Lublin in July 1980, asserted that the strikes affected the strategic rail line between East Germany and the Soviet Union, and said that “the industry needs campaign to increase economic efficiency. We cannot accept excessive demands because if we do, the situation will spread around the entire country. On the positive side is the fact that for the moment the situation is tense only in Lublin and Stalowa Wola. More stoppages may occur. That has to be taken into account. The most disturbing situation is in rail service. This is a strategic strike. Lublin is located in the supply route for the Soviet armed forces in the GDR. If this persists, we should expect question from Soviet comrades” (Document No.1: Protocol No. 13 of PUWP CC Politburo Meeting in July 18, 1980) from Andrzej Paczkowski and Malcolm Byrne, *From Solidarity to Martial Law: The Polish Crisis of 1980-1981* (C E U press, 2007), 48.

²⁴⁴ Ibid., 73.

²⁴⁵ Ibid., 71.

nomenklatura in enterprises and would bring back the idea of socialist democracy. The table below shows Solidarność's twenty one demands of August 1980:

Table 3.7: Solidarność's 21 Demands on August 1980 in Gdansk²⁴⁶

No.	Demand
(1)	Acceptance of Free Trade Unions, independent of both Party and employers, in accordance with the International Labor Organization's Convention number 87 on the freedom to form unions.
(2)	A guarantee of the right to strike and guarantees of security for strikers and their supporters.
(3)	Compliance with the freedoms of press and publishing guaranteed in the Polish Constitution. A halt to repression of independent publications and access to the mass media for the representatives of all faiths.
(4)	<ul style="list-style-type: none"> a. Reinstatement to their former positions for: people fired for defending worker's rights, in particular those participating in the strikes of 1970 and 1976; and students dismissed from school for their convictions. b. The release of all political prisoners (including: Edward Zadrozynski, Jan Kozlowski, and Mark Kozlowski). c. A halt to repression for one's convictions.
(5)	The broadcasting on the mass media of information about the establishment of the Interfactory Strike Committee (MKS) and publication of the list of demands.

²⁴⁶ Weschler1982: 209-211. Weschler book covered the rise of Solidarność in 1980 and its two round congress in September and October 1981. In his book, Weschler included photographs of KOR and Solidarność activists. For more details return to the same source.

(6)	<p>The undertaking of real measures to get the country out of its present crisis by:</p> <ul style="list-style-type: none"> a. Providing comprehensive, public information about the socio-economic situation; b. Making it possible for people from every social class and stratum of society to participate in open discussions concerning the reform program.
(7)	Compensation of all workers taking part in the strike for its duration with holiday pay from the Central Council of Trade Unions.
(8)	Raise the base pay of every workers 2,000 zl/per month to compensate for price rises to date.
(9)	Guaranteed automatic pay raises indexed to price inflation and to decline in real income.
(10)	Meeting the requirements of the domestic market for food products: only surplus goods to be exported.
(11)	The rationing of meat and meat products through food coupons (until the market is stabilized).
(12)	Abolition of “commercial prices” and hard currency sales in so-called “internal export” shops.
(13)	A system of merit selection for management positions on the basis of qualifications rather than Party membership. Abolition of the privileged status of MO, SB (Internal Security Police), and the party apparatus through: equalizing all family subsidies; eliminating special stores, etc.
(14)	Reduction of retirement age for women to 50 and for men to 55. Anyone who has worked in the PRL for 30 years, for women, or 35 years for men, without regard to age, should be entitled to retirement benefits.
(15)	Brining pensions and retirement benefits of the “old portfolio” to the level of those paid currently.
(16)	Improvement in the working conditions of the Health Service, which would assure full medical care to working people.
(17)	Provision for sufficient openings in daycare nurseries and preschools for the children of working people.

(18)	Establishment of three-year paid maternity leaves for the raising of children.
(19)	Reduce the waiting time for apartments.
(20)	Raise per diem from 40 zł to 100 zł and provide cost-of-living increases.
(21)	Saturdays to be days off from work. Those who work on round-the-clock jobs or three-shift systems should have the lack of free Saturdays compensated by increased holiday leaves or through other paid holidays off from work.

One of the most debated demands was the idea of self-management, because the government rejected the idea of electing the managers of the enterprises directly from the workers, while Solidarność insisted on the right for workers to elect and dismiss the managers of the enterprise. A settlement was reached at the end between the government and Solidarność on this issue; chapter four discusses this issue further.

Solidarność's political and economic agenda

Solidarność envisioned the Polish state and society with a concept self-management that should govern all aspects of Polish political, social and economic life. Social self-organization/self-management was an idea advocated by Solidarność, and inspired by *KOR*. *KOR*'s political idea stemmed from the idea of the non-violent movement's social tactics. One of the reasons *KOR* had failed to succeed, according to Jan Zielonka, was that it directed its dissatisfaction towards the government instead of directing its efforts towards the role of society. However, Solidarność came with a program to enable society to be the primary actor driving for change in a non-violent, evolutionary way—that is to say, it envisioned a bigger role for society through its

involvement in self-government organization. Zbigniew Bujak described this idea of non-violence in the following way:

The basic principle of Solidarity, and still valid [June 1982], is the use of exclusively peaceful means in its activity. Contrary to the slanders against Solidarity, the union never made any preparations to use force and does not wish to use force. We are against any acts of violence, street battles, hit-squads, acts of terror, armed organizations.²⁴⁷

Solidarność had emerged during an economic crisis, which some of its members believed was faked by the government because the country had enough resources to solve the problem of consumer goods shortage. According to Andrzej Gwiazda, Solidarność Deputy Chairman, “the crisis is not as serious as it seems: it is not structural crisis. I am convinced that it is being manipulated by the government and the ministerial bureaucracies. The country has many resources and potentials that are not being fully used. Furthermore, there is insufficient coordination in economic activity.”²⁴⁸ Anti-statism, also, was another political idea inspired by the Solidarność movement. The idea of anti-statism stemmed from the fact that there was a wide gap between the governing authority and the rest of society, as stated several times by Jacek Kuroń.

The general view within the movement was that there was a need to build a democratic system based on pluralism, independent and a self-managing republic. In doing so, they pursued peaceful means to achieve that end. For these reasons, Solidarność opted for an “evolutionary rather than revolutionary means of social transformation.”²⁴⁹

Human dignity, based on the principles of the Human Rights Declaration, was one

²⁴⁷ Zbigniew Bujak quoted in Jan Zielonka, *Political Ideas in Contemporary Poland* (Avebury: Gower Publishing Company Limited, 1989), 79.

²⁴⁸ *Rome AVANTI*, “Solidarity Leaders Interviewed on Developments.” FBIS-EEU-81-192. 30 Septmber1981. P: G 37. The question was “but how is it possible to emerge from the economic crisis and resolve the country’s serious problems? Do you consider a policy based on demands sufficient? Or should there not rather be an active involvement in seeking solutions, to a greater or lesser extent coordinated with the authorities.” Ibid.

²⁴⁹ Zielonka 1989: 78.

of Solidarność's demands. In his chapter entitled "the Ideological Origins of Solidarity," Roman Laba stated that "Solidarity reserved the Leninist logic of social movements. Instead of a 'mass' infused with consciousness and organization from above by an elite, Solidarity developed from below. It's not a spontaneous apparition but rather the product of forty years of conscious but anonymous struggle in Polish factories."²⁵⁰ The Solidarność programme stemmed from "values drawn from Christian ethics, from national traditions, from workers and democratic traditions of working world, but does not say anything about socialist legacies of the past."²⁵¹

One of the major principles of economic reform demanded by Solidarność was the activation of the idea of self-management. This idea will be discussed thoroughly in the following chapter. The idea of self-management - also called industrial democracy - was for "enterprises to be ruled by workers' council elected in a democratic way. These workers' councils would be elected in firms and would play a crucial role in the industrial decision-making process."²⁵² This idea was supported by *KOR*, which would be dissolved during the second round of Solidarność first National Congress in September-October of 1981. It has been argued that "Solidarity's initiatives aimed at the improvement of the system of parliamentary democracy in Poland (e.g. the proposal to establish a second chamber of the *Sejm*, the so-called socio-economic chamber)."²⁵³

In a worker's state, workers supposedly had the right to manage themselves and directly elect the manager of their enterprises. The idea of self-management had its roots

²⁵⁰ Roman Laba, *The Roots of Solidarity: A Political Sociology of Poland's Working-Class Democratization*. (Princeton: Princeton University Press, 1991), 155.

²⁵¹ Warsaw *TRYBUNA LUDU*, "Alternative Program." FBIS-EEU-81-195. 8 October 1981. P: 8.

²⁵² Zielonka 1989: 73.

²⁵³ *Ibid.*, 74.

in Poland's history since the occupation of Nazi Germany when workers took over their factories and ran them themselves. After the liberation of Poland by Soviet troops, workers were faced with a destroyed economy and had the opportunity to organize them through workers councils and to manage their enterprises. Laws were issued in regard to the self-management. However, the situation changed during the 1950s when the workers' councils diminished in number and power. With the rise of Solidarność, this idea came to the surface again as the major pillar of Solidarność doctrine and ideology. In 1981, "there was especially much public discussion concerning a self-governing organization for science, education and culture,"²⁵⁴ said Jan Zielonka. Jacek Kuroń in this regard explained why Solidarność should emphasis on their demand for self-management:

I think Solidarity should center its future program on the proposal of self-management with ramification at all levels: economic, legal, territorial and cultural. This is an offer of collaboration which we are making to the authorities and the state should take account of it; it must adapt to the changes which have been taking place in the country; it must negotiate with us on the practical terms of these forms of self-management. In this way it has the possibility of cooperating on new project which concerns and affects the whole of society. In such a framework the election of managers in the enterprises becomes a secondary matter.²⁵⁵

Lech Wałęsa said that self-management is "Solidarity's offspring, but the trade union must not limit itself to this proposal. A more flexible trade union structure must be formulated, at the same time leaving scope for Solidarność's independence. Of course we support self-management but that is not all."²⁵⁶ The idea of self-management continued to be one of the major demands of Solidarność's

²⁵⁴ Ibid., 73.

²⁵⁵ *Rome AVANTI*, "Solidarity Leaders Interviewed on Developments." FBIS-EEU-81-192. 30 September 1981. P: G37.

²⁵⁶ *Rome AVANTI*, "Lech Walesa Interview," with Paolo Elia, on September 1981, under the title, "Our Records of Victories and Defeats." FBIS-EEU-81-192. 30 September 1981. P: G 29.

underground publications.²⁵⁷ In its first and only Congress before 1989, Solidarność's major discussions revolved around the idea of self-management. A resolution was made accordingly in September of 1981. This resolution reads:

Our union's position on worker's self-management and on the independence of enterprises was presented in the congress resolution adopted on 8 September 1981. It was therefore known to the Sejm, which on 25 September passed the law of state enterprises and the law on the workforce's self-management in the state enterprise. The Sejm deviated in those laws from the compromise which had been reached with the National Consultative Commission (KPP) Presidium on how to appoint the manager of the state enterprise. The compromise was a far-reaching concession in order to avoid a conflict with the state power apparatus. Now did the Sejm take notice of Solidarity's position on many other dependence of enterprises. Nevertheless, motivated by the spirit of accord, the congress does not reject the laws in question in their entirety.²⁵⁸

The Solidarność program had been debated and discussed in their congresses held in September and October of 1981. Forty pages of program draft were written and divided into seven chapters. It is worth noting here that this program was drawn and written under supervision of the Program Commission headed by Professor Bronisław Geremek, who would play a crucial role during the 'roundtable' negotiations, in particular as co-chairman for the political reform sub-table. Before the historic National Solidarność Congress, on July 26, 1981, Solidarność announced "full support for the social movement for workers' self-management."²⁵⁹ Solidarność emphasized the need for *samorząd* (means literally autonomy, refers here to self-

²⁵⁷ Zielonka 1989: 74.

²⁵⁸ *Warsaw GŁOS PRACY*, "Resolution of the First Solidarity Congress on the Laws on the Workforce's self-management in State Enterprise and on State Enterprises." FBIS-EEU-81-197. 13 October 1981. P: G 6. In their Resolution, Solidarność concluded by emphasizing once again that "in its struggle for the workers' self-management and for the socialized enterprise, the union will continue to act in line with the workforces' will. The union assure the workforces that it will take every necessary measure to defend self-management. The congress appeals to all workforces to set up genuine workers self-management groups based on the principles compatible with the position of Solidarity." Ibid.

²⁵⁹ Poland: the fight for workers' control, *Workers' Liberty* no.10, page 27.

management) as a solution for all economic, social and political issues, stemming from the fact that it lost trust in the government bureaucrats and their monopoly of decision-making. As noted by the famous *New York Times* journalist, Lawrence Weschler, in 1981, *samorząd* represented for Solidarność “an answer to almost every economic question you ask.”²⁶⁰ Solidarność argued that the major problem with the economy was over-centralization and heavy administrative control by the *nomenklatura*. According to Lawrence Weschler, *samorząd* means, that:

the enterprise (factory, publishing house, airline, or whatever) would be the communal property of the workers who run it. (Today, it belongs to the state, which, in turn, supposedly—but only supposedly—belongs to the workers.) The workers would elect a representative council, subject to continuing review and to recall, and the council would appoint a manager, who would be responsible to the council alone. The state would exercise its influence through economic instruments (taxes, duties, investment credits, etc.), or normative laws (regulations, pollution standards, etc.), but otherwise it would stay out and allow the free play of the market to rationalize the economy.²⁶¹

The major conflict between Solidarność and the government was about the management of the economy. While the government wanted to keep its control over the appointment of enterprise managers, Solidarność argued that workers were the major actors and were the ones who should be responsible for the selection and dismissal of enterprise managers.

The first round of the Solidarność Congress took place in Gdansk from September 5 to 10. The second round took place from September 26 to October 7. The table below gives a brief summary of the major events and topics covered during

²⁶⁰ Weschler 1982: 101.

²⁶¹ Ibid., 103.

the two rounds of Solidarność Congress in 1981. The major debate at the Congress was about the creation of an authentic self-management in state enterprises.

Table 3.8: Chronology of Solidarność First Congress (two rounds, September and October 1981)²⁶²

Day 1	<ul style="list-style-type: none"> - Wałęsa opening speech. - Elections of the congress committees. - Discussion of T.V role.
Day 2	- KKP (<i>Krajowa Komisja Porzumiewawcza</i> - Solidarity's National Coordinating Commission) general Report and debate.
Day 3	<ul style="list-style-type: none"> - Debate on amendments to the Statute. - Draft resolution on self-management.
Day 4	<ul style="list-style-type: none"> - Self-management debate. - Program debate.
Day 5	- Renewed debate on amendments to the Statute.
Day 6	<ul style="list-style-type: none"> - Completion of debate and ratification of the Statute. - Passing of First Round Declaration. - Closing speech.
Day 7	<ul style="list-style-type: none"> - Election of the Second Round congress committees. - KKP Presidium Report. - Continued debate about self-management.
Day 8	- Continuation with self-management debate.
Day 9	- Debate on electoral regulations for the KK (<i>Komisja Krajowa</i> -Solidarity's National Commission) chairman.
Day 10	<ul style="list-style-type: none"> - General debate on KKP Report. - Draft resolution on <i>KOR</i> (<i>Komitet Obrony Robotników</i>-Committee for the Defense of Workers).
Day 11	- Program debate.

²⁶² George Sanford, *The Solidarity Congress, 1981: The Great Debate* (New York: St. Martins Press, 1990), 18-19. For a detailed overview of Solidarność two rounds Congress in 1981 (for each day) return to the same source.

Day 12	<ul style="list-style-type: none"> - Debate on the economic reform of Solidarity Programme. - Presentations of KK chairman candidates.
Day 13	<ul style="list-style-type: none"> - Socio-economic policy debate and public life of the Programme. - Wałęsa speech on election as KK Chairman.
Day 14	<ul style="list-style-type: none"> - Public life debate of the programme. - Self- management resolution.
Day 15	<ul style="list-style-type: none"> - Continued presentation of the KK candidates. - Programme debates continued.
Day 16	<ul style="list-style-type: none"> - Results of KK elections. - Debates about the finance of the Union.
Day 17	<ul style="list-style-type: none"> - Debates continued about the Finance of the Union. - Programme debates continued.
Day 18	<ul style="list-style-type: none"> - Completion and ratification of the Programme. - Wałęsa concluding speech.

After the conclusion of Solidarność Congress, Solidarność declared its draft Program. Chapter One of the draft is under the heading “Who We Are and Where We Are Going” traced the roots of Solidarność, and it reads: “we are a force capable not only of protesting, but also of being the force of human values,”²⁶³ and “our program is one of struggle for the aims we have posed for ourselves, a program reflecting our society’s wishes and aspirations, a program arising from these aspirations, a program seeking long-term aims by solving short-term issues, a program for our work, struggle and service.”²⁶⁴ It is important to note here that Solidarność emphasized the role of society as the major element in the process of change. The major cause of the formation of Solidarność was economic, but there

²⁶³ *Warsaw TRYBUNA LUDU*, “Paper View Solidarity Congress Program.” FBIS-EEU-81-195. 8 October 1981. P: G 7.

²⁶⁴ *Ibid.*

was also prolonged social dissatisfaction with the political and economic performance of the Party.

To be more precise, Solidarność attacked the idea of the *nomenklatura*,²⁶⁵ which for them represented a class by itself in a nation that was supposed to protect working people. Thus, one of Solidarność's major demands was the creation of a self-governing society, not only in the workplace, but also in education and sciences sectors.²⁶⁶ Solidarność recalled that in view of the "negative experiences of 1956–7 and of the power united workers' action and Solidarność, we think it is necessary to take initiatives which will establish agreement and coordination between the organs of workers' self-management in the regions and in the whole country."²⁶⁷

Chapter Two of the draft resolution is entitled "On the Country's Present Situation." In this chapter the need for an economic reform plan is emphasized. The chapter reads: "the present government of the country based on the omnipotence of the party-state central institutions is leading the country to ruin. Dragging one's feet on changes...which was continued for over a year, although it has no longer to govern in the old way, it has accelerated the process of ruin and is taking up rapidly to a catastrophe...in the face of national tragedy, Solidarność can no longer restrict itself to waiting and exerting pressures on the apparatus of power so that it honors its

²⁶⁵ *Nomenklatura* according to Weschler "is an elaborate system whereby the Communist Party exercises the right to appoint the top hundred thousands bureaucrats and administrators in Poland. Whatever the internal structure of an organization, the Party selects, usually from within its own ranks, the heads of all the important sectors. There's a list- *nomenklatura*- which is continually being refined, and if a person is not on that list he's not eligible for a given administrative post. Whatever can be said about the idealistic intentions with which this system was originally devised (a vanguard Party's way of coordinating the tremendously complex and interconnected aspects of a ravaged country's postwar reconstruction, for example)." Weschler 1982: 102.

²⁶⁶ Zielonka 1989.

²⁶⁷ Poland: the fight for workers' control, *Workers' Liberty* no.10, page 27.

obligations stemming from agreements.”²⁶⁸ Again here, Solidarność criticized government centralization and urged for the introduction of new ways of decentralizing the economic management of the country.

Chapter Three is entitled “Solidarność and Economic Problems.”²⁶⁹ In this chapter, Solidarność criticized how the government’s anti-crisis program has tackled the economic crisis. Solidarność’s critiques are based on the fact that the government had failed to introduce an effective reform plan for the economy. Thus, Solidarność’s major demand was the formation of authentic self-management. In addition, this chapter is concerned with the need for an improvement in workers’ living standards, problems with production, and the need for social control as a major element in reform. There was a heated debate about the economic problems of the country and the need for Solidarność to formulate a coherent program. Solidarność also “rejected the Government’s economic reform and stabilization plans as lacking credibility and public support. It refused to take co-responsibility for austerity measures until such time as full consultation, democratization and self-management had been introduced.”²⁷⁰ Solidarność, therefore, negotiated the basis for creating self-government and democratic reform at every level of management as a way out of economic crisis and political and social discontent. Chapter Four is entitled “Solidarity Society-Social Policy.”²⁷¹ This chapter looked at the topic of social inequalities, unearned privileges, and issues of family rights, disabled rights, work

²⁶⁸ *Warsaw TRYBUNA LUDU*, “Paper View Solidarity Congress Program.” FBIS-EEU-81-195. 8 October 1981. P: G 7. In addition, this chapter concluded by an assertion for the immediate need for the creation of self-governing republic. Ibid.

²⁶⁹ Ibid.

²⁷⁰ Sanford 1990: 22.

²⁷¹ *Warsaw TRYBUNA LUDU*, “Paper View Solidarity Congress Program.” FBIS-EEU-81-195. 8 October 1981. P: G 7.

safety, and hygiene.²⁷² Solidarność's role was to ensure the protection of workers' rights in the workplace. Chapter Five is entitled the "Self-Governing Republic." In this chapter, Solidarność emphasized its major goal, the need for the creation of self-management in state enterprises. It includes a thesis on the need for "the political guarantee of territorial autonomy which should be democratic elections to the People's Councils, elections based on the electoral rules that guarantee the right of organizations and citizen's groups to draw up programs and to freely submit candidates."²⁷³ In other words, Solidarność demanded the activation of the role of local self-government. Chapter Six is entitled "Our Union."²⁷⁴ In this chapter, Solidarność focused on the need for democracy as one of the basic values in Solidarność's formation.²⁷⁵ Fair implementation of agreements and social accords, and the legalization of protest as a means of demonstrating against unfairness of the government was also a matter of discussion included in this chapter.²⁷⁶ Chapter Seven is entitled "New Social Accord."²⁷⁷ In this chapter, Solidarność urged for the need to form a new social accord between the government and society. This accord was composed of three major pillars: 1) an anti-crisis accord; 2) an accord of economic reform; and 3) an accord for the self-governing republic.²⁷⁸

In sum, Solidarność's program was an attempt to reform not only the economic system, but also to introduce changes in political arrangements. The demands intensified after the legalization of the movement in late 1980.

²⁷² Ibid.

²⁷³ Ibid.

²⁷⁴ Ibid.

²⁷⁵ Ibid.

²⁷⁶ Ibid.

²⁷⁷ Ibid.

²⁷⁸ Ibid.

Solidarność's first and only Congress, which ran in two rounds from September to October, and in which the organizational structure of Solidarność was discussed, resulted in the election of Lech Wałęsa as the head of the movement. The question of Solidarność's identity arose at that time and re-emerged after Poland's transition in 1989-1990. Among these questions were: what was the exact role of Solidarność? Was it a social movement, political organization, or a trade union? In response, Bronisław Geremek, one of the Solidarność's leading advisors, said after the conclusion of Solidarność's first Congress that: "Solidarity could not be a trade union in the strict sense of the word because it operates under wholly unprecedented conditions and that the basic difference between the Solidarity 'program' and a program of a political party is the fact that Solidarity does not want to take over power."²⁷⁹ The Solidarność program can be described as a comprehensive list for social, political and economic vision of reform.

Solidarność accentuated that its program was an assertion of the role of workers in socialism, and "its present program is a sincere response to the deformation and perversion of the system's basis. Solidarność takes upon itself the responsibility of defending the interests of working people. The working class will in any case reach out sooner or later in a radical way for the very roots of the social evil."²⁸⁰ Solidarność aimed to transfer ownership from the hands of the state to the hands of society, represented by workers. In other words, they aimed at restructuring the ownership system from state ownership to social ownership of the means of production. Solidarność built its idea of reforming the economic system on the

²⁷⁹ *Warsaw, SZTANDAR MŁODYCH*, "Solidarity Program Criticized." FBIS-EEU-81-197. 13 October 1981. P: G 5.

²⁸⁰ Persky and Flam 1982:128.

formation of workers' councils, as stated above. Worker's councils would ensure workers' control over their enterprises and create a self-financing autonomous entity.

The birth of Solidarność opened up a new chapter in Poland's political history. Solidarność entered into a new phase of confrontation with the government as the delegates to its first Congress began discussing a program for wide and major economic, political and social reform. The Solidarność program called for freedom of political activity, independent courts, a reduction of censorship, and an end to the Communist Party's monopoly of power.²⁸¹ Solidarność accused the government of failure to make necessary changes to save the economy and of bringing Poland to the brink of catastrophe. Solidarność proposed a decentralization of the economy and the acceptance of a market mechanism.²⁸²

Solidarność believed that prices must be based on the market mechanism-based on supply and demand calculation. Moreover, it asserted that enterprises must be self-financing and have freedom to make their own decisions. The Solidarność programme also called for the formation of a 'social council for the national economy' in the parliament to supervise the government's activities.²⁸³ It also urged the need for the creation of a second chamber in the parliament that represented trade unions.²⁸⁴ It is worth noting here that one of the main demands was to end censorship.²⁸⁵ It called for lifting government controls on education and the creation of genuine free discussion in schools and public life. In addition, Solidarność called

²⁸¹ *London The GUARDIAN*, "Economic Reform in Solidarity Document Reported." FBIS-EEU-81-194. 7 October 1981. P: 6.

²⁸² *Ibid.*

²⁸³ *Ibid.*

²⁸⁴ *Ibid.*

²⁸⁵ *Ibid.*

for freedom of expression and free access to national media. So, during the period from August 1980 till 1981, media censorship was lessened and opposition publications thrived.

Solidarność's demands led to a sharp reaction from the government which, in late October, launched a media campaign against Solidarność as a movement undermining socialism. By December the government had declared martial law and de-legalized Solidarność.

The imposition of martial law

In the Fourth Plenum of the PZPR Central Committee on October 18, a statement was included about the deteriorating status of the Polish economy which "was approaching a catastrophe, which threatened the conditions of people's existence."²⁸⁶ The statement depicted the economic situation in Poland at the beginning of 1980s where industrial production, according to the EIU report on the first quarter of the 1981, was 13.4 percent lower compared with the previous year.²⁸⁷ The coal output was 19.1 percent lower than in 1980.²⁸⁸ Electricity output had fallen by 6.3 percent while demand fell by 2.3 percent, which increased the problem of power cuts.²⁸⁹ Investment expenditure in the first half of 1981 was 21.6 percent lower than 1980.²⁹⁰ In addition, government procurements of agricultural products were lower than in 1980, and meat procurement was 35 percent lower than 1980.²⁹¹ All indicators showed an increasing decline in output.

²⁸⁶ The Economic Intelligence Unit Report: Poland and East Germany 1981, No. 4. P: 13.

²⁸⁷ Ibid. Industrial output in September 1981 was 14.0 percent lower than the year of 1980, and 18 percent lower than in 1979. Ibid.

²⁸⁸ Ibid.

²⁸⁹ Ibid.

²⁹⁰ Ibid.

²⁹¹ Ibid.

Neither the government nor Solidarność had a concrete alternative economic program for the economic crisis which had been escalating since the late 1970s. In addition, foreign debt²⁹² remained one of the major burdens for Poland's economy, with securing credits to buy raw materials becoming harder.

Increasing tensions between the government and Solidarność led the Party to impose martial law on 13 December 1981, based on Article 33, paragraph 2 of the Polish People's Republic constitution. Thus, the government formed a Military Council of National Salvation headed by General Wojciech Jaruzelski. The statement by the Military Council reads: "the conditions of the state of martial law make it necessary to suspended the activities of trade unions. The council expresses its conviction that they will soon be able to resume their statutory activities in the interest of the working people."²⁹³ This coup d'état, as it was termed by Solidarność members and many Western countries, was the Party' last resort to suppress Solidarność's aspirations which it perceived as a threat to the monopoly of the ruling Communist Party. As Adam Michnik explained the reason behind martial law declaration, prior to his imprisonment and after Solidarność was banned, that:

Solidarity never demanded that the Communists be expelled from the government and that the state be replaced by the trade union apparatus. Yet it is a problem that the ruling apparatchiks found such a program in the statements by Solidarity... the ruling apparatchiks sensed the wide-spread urge to dissolve the party committees in the factories, *they were frightened by the specter of elections to the people's council, they had nightmares about a national referendum on the form of self-government*, and they saw that drastic price hikes were due. Their answer to this was the coup of December, the last response they had.²⁹⁴ (Italics added)

²⁹² Poland foreign debt in 1981 ranged between \$23 to \$27 bn. Ibid.,16.

²⁹³ *Warsaw Domestic Service*, "Military Council Proclamation." FBIS-EEU-81-239. 13 October 1981. P: G9.

²⁹⁴ Adam Michnik, "All of Us Are Hostages," *Dissent* (Summer 1982): 296-7.

For the government, as argued by Michnik, the idea of self-management was intolerable. In particular, the demand by Solidarność for free elections and self-management had precipitated the end of Solidarność's official activities, but turned it instead into an underground movement. Solidarność's demand for a self-governing republic was an attempt to eliminate government control of the workplace and create social democracy. The government's declaration of martial law led to international condemnation of Polish Communist Party, but at the same time led to a wide recognition of Solidarność and other independent movements in Eastern Bloc.²⁹⁵ Thus, one can argue that the birth of Solidarność in August 1980 was the principal event that undermined the legitimacy of the Party over time, and led at the end to the collapse of state socialism and to transition to democracy and market economy in 1989-1990. Martial law officially ended in 1982, but did not result in the legalization of Solidarność. An alternative trade union, the OPZZ (*Ogólnopolskie Porozumienie Związków Zawodowych*- All Poland Alliances of Trade Unions), was formed as a substitute for Solidarność.

When the government lifted martial law in 1982, Solidarność was still illegal and banned from any public activity. Solidarność, therefore, started underground activities, in educating the society about different methods of civil resistance, and it maintained its resistance through peaceful means. During this time, the Church's role as a mediator increased. The Church in Poland had always played a central and important role in the development of an independent society free from government control.²⁹⁶ According to

²⁹⁵ "The outrage of the world public has an important moral dimension because it stresses that democratic values are indivisible, that these values are defended throughout the world and do not cease to be values even if they are trampled on by soldiers' boots. For detained and persecuted people this is an injection of hope, a true light in the dark tunnel of Polish everyday life in this state of war." Ibid., 297.

²⁹⁶ The Church has a special status in Poland. As noted by Skilling that "throughout modern history it had (the church) performed a dual role, seeking on the one hand, to reach a *modus vivendi* with the state, but at the same time to preserve its independence and support the aspirations of society." Gordon

Adam Michnik, the Church had a double role: many priests showed sympathy for Solidarność, and others sought to moderate the opposition's demands and mediate between Solidarność and the regime to avoid confrontation.²⁹⁷ Prior to the birth of Solidarność, the Church had developed an 'anti-totalitarian' position and throughout the years it established itself as an allied with the democratic opposition and workers' rights.²⁹⁸

The role of the Catholic Church as a mediator between the regime and the society increased after the banning of Solidarność in 1981. During that time, the Church provided a link between "the opposition, the silent majority and the government"²⁹⁹ and, although the "underground publications provided the opposition with outlets for publically expressing their views on political development, it was through the church that these views could be discussed with the authorities."³⁰⁰ The Church, therefore, "provided an obfuscated institutional platform for quasi-pluralism."³⁰¹ Similarly, Skilling stresses that "Solidarity, the Church and many other independent groups in Poland constituted the elements of at least a partial, although circumscribed, independent society, eclipsing what had been achieved in any other country in Eastern Europe."³⁰²

Martial law increased the gap between the society and the Communist Party. Since the imposition of martial law in December 1981, the government had initiated several economic reform plans which introduced partial economic liberalization and de-

Skilling, *Samizdat and Independent Society in Central and Eastern Europe* (Ohio State university, 1989), 215.

²⁹⁷ Adam Michnik, *Letter from Prisons and Other Essays* (University of California Press, 1987).

²⁹⁸ Ibid.

²⁹⁹ Bartłomiej Kaminski, *The Collapse of the State Socialism: The Case of Poland* (Princeton: Princeton University Press, 1991), 190-191.

³⁰⁰ Ibid.

³⁰¹ Ibid.

³⁰² Skilling 1989: 216.

centralization. With time, the economic reforms package had proven its inability to tackle the problems of the Polish economy without political reform. In addition, attempts to introduce a market mechanism depended largely on social approval.

The economic situation was worsening. The government of General Jaruzelski recognized the need for reconciliation with the society. Thus, the government established the *Patriotyczny Ruch Odrodzenia Narodowego* (Patriotic Movement for National Rebirth—PRON) to bridge the gap between the government and the society.³⁰³ At the first meeting of the National Council of the *PRON* in Warsaw on December 1982, one of the Party members said that *PRON* constitutes “an expression of public opinion, an organizer of dialogue and a mediator in conflicts.”³⁰⁴ The new movement was supposed to “build accords between Poles, to break down the barriers of social mistrust.”³⁰⁵ These attempts, and others plan from the regime to reconcile with society failed to gain the government any credibility. Like any authoritarian regime, the Party had a monopoly over information and free press, which resulted in the spread of underground publications. Poland faced another economic burden when the United States imposed economic sanctions after the declaration of martial law.

Solidarność goes underground

The campaign against Solidarność started long before the imposition of martial law. Prior to its declaration of martial law, the government had started a media attack whenever there were conflicts of opinion within Solidarność. The movement that turned

³⁰³ This movement has been created in July 1982. The primary goal of this movement is to “show unity around the Party”(PZPR). Its membership was limited to organization supported by the Party. The Economist Intelligence Unit Report 1983, No. 1, P: 7.

³⁰⁴ The Economist Intelligence Unit Report, Poland 1983, No .1, P: 7.

³⁰⁵ Ibid.

to be one of the largest social movements in Eastern Europe (in 1981 Solidarność membership reached 10 million) was perceived as a threat to the Party's control in Poland. For example, the government accused Solidarność of "wanting to dismantle state property to replace it by group property."³⁰⁶

Solidarność's idea of social ownership meant the elimination of the Party's control over the means of production and the transfer of control to workers. The idea of self-management was, therefore, perceived as a major threat to the dominance of the Party. One of the leaders of the Solidarność described the government's campaign against Solidarność in the following words:

We are accused of wanting to prevent society from influencing the definition of economic objectives and the means of attaining them, and to deprive the socialist state of any power in the running of the economy and the attainment of social objectives. We are also accused of aligning ourselves with the Yugoslav reforms of the '50s. However, our project has nothing to do with group property or with the idea of transforming Solidarnosc members into stakeholders in their workplaces...we do not want to change the system, but we do not want to go back to a working-class version of socialism.... How could we accept the idea that workforce of an enterprise should play a role analogous to that of a capitalist owner? The Network's project declares clearly that the enterprise must meet overall social objectives, because it belongs to the whole people.³⁰⁷

Solidarność emphasized the idea of social justice and equality in building workers' democracy. According to Henryk Flakierski, the Solidarność program was "strongly egalitarian from the start."³⁰⁸ He further noted that "this programme [Solidarność Program in 1981] is one of the most egalitarian ever formulated in a

³⁰⁶ Poland: the fight for workers' control, *Workers' Liberty* no.10, page 24.

³⁰⁷ Ibid.

³⁰⁸ Henryk Flakierski, "Solidarity and Egalitarianism," *Canadian Slavonic Papers* 25, no.3 (1983):

socialist country. No communist Party in the last 50 years, not even in Maoist China has gone so far.”³⁰⁹

Solidarność’s underground activities created what is called “an independent society.” The phenomenon of an independent communication in Poland, according to Gordon Skilling, was “unequalled elsewhere in the communist world, both in quantity and variety of form and content.”³¹⁰ Solidarność publications were not limited to workers’ rights but included other forms of independent activities, such as “underground theatre, music and lectures in churches, unofficial art exhibits, rock music concerts, [and] human right organizations,”³¹¹ and this created a “dualist culture between the official and unofficial authentic culture.”³¹²

By 1984, most sectors of Polish economy performed well. This year also witnessed an improvement of Poland’s relations with Western countries. However, a serious political event occurred, the abduction and killing of Father Jerzy Popieluszko, who was supporting Solidarność. The killing of Popieluszko created a new wave of anger and protests against the authorities, “as the outrage was acute in this society that considered the Church a major part of its identity.”³¹³ This event had widened the gap of mistrust between the government and the society.

On the economic sphere, General Jaruzelski had identified himself as an economic reformer, but his vision of reform led to modest success. Under his reform plan, many enterprises became only partially independent. It is clear, looking at different economic reports, that the success of these reforms was limited, with many enterprises remaining

³⁰⁹ Ibid., 381.

³¹⁰ The Intelligence Economist Unit Report, Poland 1983, No. 4, P: 21.

³¹¹ Ibid., 25.

³¹² Ibid.

³¹³ Ibid.

under direct control from the state. It is important to state here that the government started to introduce more partial economic liberalization throughout the 1980s. By 1985, the economic plan failed again. At the same time, Gorbachev became the General Secretary of the Communist Party in the Soviet Union, and was a major actor whose policies led to the democratic transition in Eastern Europe and ended the dominance of the Soviet Union in Eastern Europe.

The year of 1986 was an eventful one, not only in Poland but also throughout East Central Europe in general. Poland entered the year with a new five-year economic plan intended to cover the year from 1986 until 1990. One of the major concerns for the policymakers during this time was the issue of foreign debt and consumer goods shortages. The economic reform initiated by General Jaruzelski “was not yet victorious,” but “was defending itself,” as General Jaruzelski said in 1986.³¹⁴ On political sphere, the government freed several political prisoners. Clearly, the government was aware of growing societal dissatisfaction, and as a result, General Jaruzelski indicated his readiness to talk with the opposition. Talks were established between the official trade union movement (*OPZZ*) and the *Solidarność* in mid 1987.³¹⁵ In addition, the United States sanction against Poland was lifted.³¹⁶ After the failure of the ‘first-stage’ economic plan, the government decided to push the economy through another economic plan, called, ‘second stage.’

³¹⁴ The Economic Intelligence Unit Report, Poland, 1986, No.4, P: 7.

³¹⁵ The Economist Intelligence Unit Report, Poland, 1987, No. 4, P: 8.

³¹⁶ Weschler 1982: 260.

‘Second Stage’ plan: Polish *Perestroika*

The second half of 1980s was characterized by an increased pace of political liberalization, and partial liberalization of the economy, as mentioned before.³¹⁷ The *Sejm* accepted the annual central economic plan for 1987, which was referred to as ‘the second stage’ reform plan. A report from the Sixth Central Committee Plenum in 1987,³¹⁸ under the heading “Enhancing Socialist Renewal is a Condition for Poland’s Faster Development,” discussed the causes of the failure of the previous, ‘first plan,’ and indicated the need for socialist renewal. The report reads:

we are entering a new stage of socialist renewal. The achievement and experiences gained so far permit further radical and consistent activity. Polish problems cannot be solved effectively by means of small steps and half-measures. The conditions for a fundamental acceleration of transformations are ripe. Continuing at the present level of transformation might threaten us with stagnation and even regression.³¹⁹

For the Communist Party, the solution to accelerate the process of social and economic reforms was through the development of authentic self-government and protection against bureaucratic attempts to dominate, control and diminish its importance.³²⁰ The aim of the ‘second stage’ plan was to introduce a radical improvement in the “economic equilibrium,” which meant greater emphasis on marketization, with lower subsidies (austerity policies) and with a reduced state budget deficit. At this stage, liberalization of the economy accelerated and austerity policies introduced.

³¹⁷ Ben Slay 1994: 71.

³¹⁸ To see full report of the PZPR Politburo to the Sixth PZPR Central Committee Plenum, return to *Warsaw TRYBUNA LUDU*, “Politburo Report to Sixth CC Plenum Published.” FBIS-EEU-87-229. 30 November 1987. P: 19-43.

³¹⁹ *Warsaw TRYBUNA LUDU*, “Politburo Report to Sixth CC Plenum Published.” FBIS-EEU-87-229. 30 November 1987. P: 19.

³²⁰ *Ibid.*, 23.

The plan was supposed to remedy the deficits from the ‘first stage’ economic plan and to “normalize” state-society relations after the government lifted martial law.³²¹ The previous ‘first stage’ economic plan, despite its progress in production, did not create any “fundamental improvement to the quality of goods and services.”³²² The reason as described by the Sixth CC Plenum report, was that “there is insufficient work incentive, and the economic mechanisms meant to promote efficiency are themselves only half-effective.”³²³ The ‘second stage’ plan’s primary goal, thus, was to introduce a market mechanism to the planned economy. The aim of the ‘second stage’ plan, was to eliminate queues in front of shops and to ensure ‘market equilibrium,’ because the

Attainment of equilibrium will ensure that reform mechanism will not permit slackness, stagnation, and waste, that they are fully effective, and that they produce tangible results by releasing initiatives and enterprise.... There is a need to eliminate unjustified subsidies for goods and services, so that prices reflect true values and are neither artificially reduced by payments out of the budget, not artificially raised by high taxes or unreliable calculations. All this means that in 1988 it will be necessary to introduce important price hikes and changes in the structure of prices. This will be accompanied by appropriate compensation and an upward revision of the value of people’s saving.³²⁴

As the above paragraph from the Report shows, the ‘second stage’ plan was aimed at restructuring the economy in order to achieve greater management effectiveness by increasing the price of goods and reducing subsidies for prices to reflect their real value of goods in the market. Another major goal of this reform was to introduce socio-political reform to bridge the gap between the government and the society. The ‘second stage’ plan was built on the following premises.³²⁵

³²¹ Ben Slay 1994: 71.

³²² *Warsaw TRYBUNA LUDU*, “Politburo Report to Sixth CC Plenum Published.” FBIS-EEU-87-229. 30 November 1987. P: 20.

³²³ *Ibid.*

³²⁴ *Ibid.*, 31.

³²⁵ *Warsaw PAP*, “Reform Aims To Utilize Economic Potential.” FBIS-EEU-87-200. 16 October 1987. P: 46-47.

- 1) The need to strengthen the idea of self-management. And, not only promoting local self-government, but also strengthening workers self-management,³²⁶ the aim is to improve workers role in the management of the economy.
- 2) The government is the major player that controls and monitors the economic processes;³²⁷
- 3) “State organs are not engaged in current interference in the operation of individual enterprises, apart from exceptional cases;”³²⁸
- 4) State, cooperative and private sectors are to be “ensured easy terms of undertaking and conducting economic activity at their own risk according to the principles of independence and self-financing, the principles of operation of enterprises and economic entities of various sectors are determined in such a way as to ensure them possibly identical conditions of operation, stable over a longer period of time.”³²⁹

The implementation of these radical reforms should take from three to four years to lead the country out of the economic crisis that had accumulated over decades.³³⁰ In addition, in order to radically restructure the economic system, and to introduce radical reform through liberalization of the economy, there was a proposal to change the

³²⁶ Ibid.,46.

³²⁷ Ibid.

³²⁸ Ibid.

³²⁹ Ibid.

³³⁰ The ‘second stage’ program to restructure the economic system should lead in 1987 to “a fundamental change of the functional terms of reference and organizational structure of the central economic administration, plus opening several new possibilities for developing new ventures in various sectors and areas of the economy;” and in 1988, the economy should “step forward in balancing the domestic economy, increasing the role of the market and a degree of accelerating increases in supplies, as well as increases in foreign trade;” while in 1989, the economy should seek further development in economic equilibrium; in 1990, the program should “attain domestic equilibrium and slowing down the rate of growth of prices to some 9 percent annually;” and finally, in 1991, the economic program should aim at “balancing the current account of the balance of payments and laying the groundwork for reducing the debt.” Source: *Warsaw PAP*, “Reform Aims To Utilize Economic Potential.” FBIS-EEU-87-200. 16 October 1987. P: 47.

structure and number of central institutions. The number of central administrative institutions would be reduced tremendously; for example, the offices of the Ministers of Construction, Land Use Management, and Municipal Services would be merged into one office, the office of Minister of Land Use Management and Construction.³³¹ This meant the abolition of 16 central administrative institutions and the creation of only eight new central institutions.³³²

The World Bank and the International Monetary Fund (IMF) had supported the Polish government's plan for rapid and radical economic reform envisioned in the 'second stage.' According to a World Bank report, "underlying the proposals is a reported consensus on the conviction that there will be no success of the reform without equilibrium, just as there will be equilibrium without the reform. In addition, there will be no positive effects of the reform, and no equilibrium, without changes in the structure of the economy."³³³ The World Bank endorsed the push in the 'second stage' plan toward further liberalization.³³⁴ The World Bank report assessing Polish economy concluded that:

The fluctuating patterns of reforms and reversals in Poland and elsewhere in Eastern Europe suggest there is a great deal of resistance to reform, in spite of the popular demand for change. Reform that consists only of a gradual nibbling away at the edges of a centrally controlled hard-core, or the substitution of one set of regulations for another, will not break the

³³¹ Another example, are: the office of Minister of Communications, Minister of Transport, and Minister of the Office of Maritime Economy will merge under the Office of Minister of Transport, Shipping, and Communications; the office of Minister of Internal Trade and Services goes under the office of Minister of Home Market. Source: *Warsaw TRYBUNA LUDU*, "Reform of Central Administration Described." FBIS-EEU-87-200. 16 October 1987. P: 47.

³³² *Ibid.*, 47-48.

³³³ World Bank Report 1987, "*Poland - Reform, adjustment and growth*" (vol. 2): The economic system, p: 86. Accessed online through: World Bank. 1987. *The economic system*. Washington, DC: The World Bank. <http://documents.worldbank.org/curated/en/988791468094785306/The-economic-system>.

³³⁴ *Ibid.*

habits of mind and behavioral instincts of enterprise directors and branch ministries that have developed during more than three decades.³³⁵

The World Bank and the IMF carefully monitored economic development in Poland during the ‘second stage’ reform. An initial agreement with the IMF was signed in 1986. It is important to mention here that Poland was one of the founding members of the International Monetary Fund, but withdrew its membership after the establishment of the socialist system and consolidation of the planned economy. Also important to note here that since the inclusion of Poland in IMF statistic data, two versions of data emerged - the Washington and the Polish- related to the balance of payment data³³⁶ - as reported by the Economist Intelligence Unit Report of Poland in 1987. The table below shows the drastic difference between the data presented by Poland’s official source and the one presented in Washington:

Table 3.9: Poland’s Balance of Payment Account: Comparison of Warsaw and Washington Data³³⁷

	1981	1982	1983	1984	1985	1986
Warsaw	-2,059	-1,016	62	787	323	996
Washington	-2,090	-1,365	-588	-189	-376	-307

Statistical data about Soviet Union and other Eastern European countries was described as being a biased source of information since they were controlled by the government. As shown by the above table, there was a great difference between the Washington data and Polish official sources. In October 1987, Poland signed an agreement with the Paris Club of seventeen creditor nations, after ‘difficult talks,’ to reschedule Poland’s debts in 1987 and 1988.³³⁸ Poland was already burden with foreign

³³⁵ Ibid., 88.

³³⁶ The Economic Intelligence Unit Report, Poland, 1987, No.4.

³³⁷ The Economic Intelligence Unit Report, Poland, 1987, No.4, P:18.

³³⁸ *Paris AFP*, “Paris Club Reschedules Debt.”FBIS-EEU-87-242. 17 December 1987. P: 38-39.

debt from the Paris Club, London Club and from other Eastern European creditors, and the Soviet Union.

The government decided to involve society with its new socio-economic reform plan through scheduling a National referendum in November. Looking at opposition attitude toward the new economic plan, one has to look at the major opposition movement, Solidarność. Solidarność's stand on the 'second stage' plan national referendum can be summarized by the words of its leader, Lech Wałęsa, who said:

We - the people in Solidarity- were and are in favor of a referendum. We were and are in favor of effecting reforms. What we cannot do is to pretend that we are effecting reforms or that we are holding a referendum. This referendum which the government is preparing is a parody. The first question in the referendum says: "Do you want to have a better situation in 2 years time?" who can say that he does not want to be better off in 2 years time? Of course we want to be better off. The second question says: "Do you want to have more democracy?" of course the Polish people want more democracy. And all this is costing the Polish people over Z1 billion. It is not worthwhile to spend that fortune in order to ask these questions. This referendum is a waste of money. For these reasons we are opposed to the referendum. Because we also wonder: what will the government do when it feels stronger? Nor do we know what the government will do when we are richer. It is dangerous situation.³³⁹

For Solidarność, which was still illegal in 1987, the effectiveness of any radical economic change should take into account three major principles- political pluralism, economic pluralism, and trade union pluralism. Thus, for Solidarność there could be no reform without society's engagement and without the restoration of Solidarność. The Church, on the other hand, supported the government's proposed political, social and economic reform, because "nobody is putting forward a different plan or amendments to

³³⁹ *Madrid YA*, "Walesa: Waste of Money." FBIS-EEU-87-239. 14 December 1987. P: 43.

the proposed plan,”³⁴⁰ said Cardinal Jozef Glemp. The Church took a neutral position on these reforms, and urged the need for ‘social accord.’

The referendum, which was held on 29 of November 1987, aimed at surveying public opinion about the ‘second stage’ economic and socio-political plan. The plan was not concerned only about radical economic reform, but also about introducing sociopolitical reforms. This was one of the most comprehensive reform ideas that the government had attempted to embark on.³⁴¹ As stated several times already, there was a growing discontent with the results of the ‘first stage’ economic plan, and the government, therefore, decided to embark on radical economic reform instead. The questions, which voters had to answer in the National referendum (for November 29, 1987) for the government plan were:

- 1) “Are you in favour of full implementation of the programme of radical curing of the economy that was submitted to the Sejm and which aims at a clear improvement of society’s living conditions, being aware that this requires going through a difficult tow-to three-year period of rapid change?”³⁴²
- 2) “Do you declare yourself in favour of the Polish model of a deep democratization of political life, the objective of which is to consolidate self-government, to broaden the rights of citizens, and to increase the citizen’s participation in governing the country?”³⁴³

³⁴⁰ *Madrid YA*, “Cardinal Glemp Interviewed.” FBIS-EEU-87-239. 14 December 1987. P: 42.

³⁴¹ This plan described as the biggest “shake up and reorganization of the central government apparatus.” *The Economist Intelligent Unit Report Poland*, 1987, No.4, P: 6.

³⁴² *Warsaw PAP*, “Results Not Decisive.” FBIS-EEU-87-230. 1 December 1987. P: 45.

³⁴³ *Ibid.*

Official media reported that referendum turnout was as follow: in Warsaw, the turnout was 60 percent; in Szczecin, 63 percent; in Poznan also, 63 percent; in Tarnobrzeg 70 percent; in Kracow, 60 percent; in Katowice, 63 percent; and in Bydgoszcz, 70 percent.³⁴⁴ The Central Commission for the Referendum announced on November 30, the results from 26,201,169 eligible voters, only 17,638,483 of whom voted.³⁴⁵ The results were a clear rejection of the government's 'second stage' economic plan and to its political reform. The government announced, in a statement by President Jaruzelski ten days before the referendum, that it would implement the reforms regardless of the results of the referendum.³⁴⁶

The majority of voters said 'no' to democratic changes and 'no' to the radical economic changes. Forty-four percent of voters said 'yes' to the first question and forty-six percent said 'yes' to the second question.³⁴⁷ The results were unprecedented. It was the first in East Central Europe where "the electorate of a communist state had not responded with a massive 'yes' vote to government proposal."³⁴⁸ According to Lech Wałęsa, the referendum was "a tragedy for the government as well as for Solidarity, as it has solved nothing and will achieve nothing."³⁴⁹ For Solidarność, the referendum was a defeat for Poland's leadership in wining public support to lead the country. Previous failed economic plans, combined with political and economic monopoly, had resulted in the government's failure to win a mandate to lead the country through radical political and economic reform. For Solidarność, legalization of the trade union, freedom of

³⁴⁴ *Warsaw Domestic Service*, "Turnout 55 Percent by 1700." FBIS-EEU-87-229. 30 November 1987. P: 16.

³⁴⁵ *Warsaw PAP*, "Results Not Decisive." FBIS-EEU-87-230. 1 December 1987. P: 45.

³⁴⁶ *Budapest Domestic Service*, "Orzechowski on Results." FBIS-EEU-87-230. 1 December 1987. P: 47.

³⁴⁷ *Ibid.*

³⁴⁸ *Paris AFP*, "Comment by Kuron, Walesa." FBIS-EEU-87-230. 1 December 1987. P: 50.

³⁴⁹ *Paris AFP*, "More on Reform Rejection." FBIS-EEU-87-230. 1 December 1987. P: 46.

association, and political pluralism had to be at the center of reform in order to “overcome the crisis of confidence and save the country from going under.”³⁵⁰ The logic behind the ‘second stage’ was to reconcile the market with the plan. After the announcement of the referendum results, Lech Wałęsa stated that the government had lost the confidence and support of the society, and thus it “must think again. Society is ready for real reforms, the authorities are not.”³⁵¹ The opposition, therefore, celebrated the government’s defeat as it signified the success of the opposition’s call for boycott.³⁵²

1987 ended with the failure of the government referendum³⁵³ to secure majority approval for its radical ‘second stage’ economic reform. However, the government embarked on the ‘second stage’ program in January 1988 regardless of the results of the referendum. In doing so, on December 1987, the PZPR declared its resolution on economic reforms which stated that by 1988, there should be: 1) “further democratization of the election rules to people’s councils;”³⁵⁴ 2) “an amendment to the law on people’s councils and territorial self-government bodies;”³⁵⁵ 3) “a simplified structure of local state administration in order to make it more efficient and improve the standard of service to citizens.”³⁵⁶ In the first half of 1988, the government increased food price by 110 percent.³⁵⁷ The implementation of the plan led to another social, political and economic crisis. Waves of strikes and protests erupted in May and August of the same year. The

³⁵⁰ *Hamburg DPA*, “Solidarity Steps Up Activity After Referendum.” FBIS-EEU-87-234. 7 December 1987. P: 37.

³⁵¹ *Paris AFP*, “Walesa: ‘Ready to Help.’” FBIS-EEU-87-231. 2 December 1987. P: 27.

³⁵² Ben Slay 1994: 69.

³⁵³ The referendum failed to pass the threshold of fifty percent minimum by law. Ben Slay 1994:69.

³⁵⁴ *Warsaw TRYBUNA LUDU*, “PZPR CC Resolution on Economic Reform.”FBIS-EEU-87-246. 23 December 1987. P: 39.

³⁵⁵ *Ibid.*

³⁵⁶ *Ibid.* To read the complete PZPR Resolution on economic reform, see *Warsaw TRYBUNA LUDU*, “PZPR CC Resolution on Economic Reform.”FBIS-EEU-87-246. 23 December 1987. P: 38-40.

³⁵⁷ Ben Slay 1994: 69.

government came to a realization that there was no way to cure the economic system without involvement and input from the society. In theory this plan was supposed to create a radical institutional change in the Polish economy by introducing a market mechanism to push economic performance to the levels of efficiency found in the advanced Western World. The “second stage” program, according to Bartłomiej Kaminski, “reads like a list of measures that already would have been implemented had the government followed an activist approach like the one pursued in 1982 and 1983.”³⁵⁸ Shortage of consumer goods remained the major problem with Poland’s economy. Public dissatisfaction had increased over decades of failed economic reforms, and led at the end to political passivity toward government elections and even toward the referendum in November 1987. The problem, for many people, resided in state socialism itself. Thus, a search for an alternative to the system was already underway since the beginning of 1980s. Therefore, several pro-capitalist movements emerged throughout 1980s.

New stage of crisis

A poll conducted early January 1988,³⁵⁹ in order to survey young Poles attitudes toward socialism, revealed outstanding results. Less than 47 percent of respondents were in favor of socialist system, while 33 percent of respondents do not see any prospect of themselves in living in Poland and wanted to emigrate.³⁶⁰ In addition, 46.5 percent of respondents stated that working efficiency is not appreciated and, therefore, does not

³⁵⁸ Kaminski 1991: 58.

³⁵⁹ Research conducted by several scientific centers under the supervision of the Institute of Research Into Young People’s Problems. *Warsaw RZECZPOSPOLITA*, “Attitude of Youth Toward Socialism Analyzed.” FBIS-EEU-88-014. 22 January 1988. P: 37-39.

³⁶⁰ *Ibid.*, 37.

pay.³⁶¹ The majority of young people, almost 70 percent [in Poland, 50 percent of its population under the age of 30 in the year of 1988],³⁶² according to the Poll, were very pessimistic about economic reform and their future opportunities.³⁶³ The youth emigration phenomenon had increased over the last two decades. One of the primary reasons for the rise of emigration by young people was the economic crisis.³⁶⁴ The burden of Polish debt remained the major concern for the government. The debt burden prevented Poland from acquiring credits for purchasing certain raw materials and technology.

After November National referendum on the 'second stage' plan, the government commenced its plan by raising the price of food and other consumer goods because, to

³⁶¹ Ibid.

³⁶² Ibid.

³⁶³ Ibid., 38.

³⁶⁴ The Report of the "Primate's Social Council on the Emigration of Young Poles," documented the causes of young people emigration in Poland for the last two decades. They wrote, "dynamic young people see no place for themselves in the present system. In its beginnings the collectivist system was attractive for some young people because it introduced new things such as migration from rural to urban areas, social advancement, and greater educational opportunities. In the eighties people are viewing these things in another way. The development of the militancy of the successive young generations has come to face the barriers put up by the centralized economy, above all the barriers erected against individual and group activity. The ideology on which the postwar political system rests no longer appeals to young people. Efforts to identify the state and its institutions with political power and even with its view of the world have resulted in a rather universal alienation and even in pitting the state against citizens. Against this background the increase in aspirations and education of the successive generations of Poles continues to trigger successive social rebellions." *Warsaw PRZEGLAD KATOLICKI*, "Primate's Council Views Youth Emigration Crisis." FBIS-EEU-88-046. 9 March 1988. P: 45-46. The document was deducted into five Chapters The first chapter entitled "the Phenomenon of Emigration," in which it dealt with emigration of Polish for the past two decades and compared it with past history of Poland were it used to receive immigrants. The second chapter entitled "Reasons for Immigration," in which the document looked at the economic causes of emigration phenomena in Poland for since early 80s. In addition, it investigated the political and social reasons behind the rise of this phenomena in Poland, "aside from economic reasons, people want to emigrate because they want to realize their professional, scientific, artistic, and even sporting talents." Ibid., 46. Third chapter entitled "Why people Should not Emigrate," in which it numerated why young people should remain in Poland. One of the reason mentioned in the report was that emigration weakens national capabilities and also argued that there are several myths about living in Western countries, as reported. Ibid., 47. Fourth chapter entitled "What should we do?" in which it numerated different ways to encourage people to stay in Poland, among them, propagating Christian and patriotic ethos. Fifth chapter entitled "Young people's emigration as a challenge," in which the document stated that the government should seek methods and ways to Poland economic, political and social problems through actions toward positive changes. Ibid., 49.

reform the economy there was a need to raise the price of goods to reflect the relationship between supply and demands. This increase was accompanied by an increase in incomes based on the nature of the work itself. The major goals of the ‘second stage’ were divided into three “activity blocks.”³⁶⁵ The first ‘block’ was concerned with the attainment of market equilibrium by an increase in supply. This ‘block’ of activities included: 1) an expansion of the market, enterprise, and entrepreneurial initiative; 2) organization and technical advancement; and 3) an increase in export-driven activities with foreign countries.³⁶⁶ The second ‘block’ was concerned with restructuring the economy through reorganization of prices. Tasks in this ‘block’ included: 1) restructuring the price system to reflect the market; 2) improvement and expansion of the banking system; 3) improvement of wage system and social benefits.³⁶⁷ The third ‘block’ involved the reorganization of central administration, reorganization of the structure of central institutions, consolidation of self-management, “changes in central planning,”³⁶⁸ and an improvement of the legal system governing economic activity.³⁶⁹

The government attempted to reactivate the role of worker’s management based on the idea of self-management of enterprises. On February 20, 1988, a conference on self-management was held in Warsaw by representatives of workers’ self-management bodies, which reaffirmed the role of self-management for political reform. As stated by Wojciech Jaruzelski in his opening speech, “I wish to reaffirm the permanence of party’s stance vis-à-vis the work of workers self-management bodies. This is not a temporary

³⁶⁵ *Warsaw TRYBUNA LUDU*, “Second Stage Implementation.” FBIS-EEU-88-033. 19 February 1988. P: 36.

³⁶⁶ *Ibid.*

³⁶⁷ *Ibid.*

³⁶⁸ *Ibid.*

³⁶⁹ *Ibid.*

stance connected with present tactics, but a strategic and irreversible one. It stems mainly from political principles.”³⁷⁰ The idea of self-management was at the core of the Solidarność program. There was a stark contrast between the government’s proposal for self-management and Solidarność’s proposal in 1981, which will be the discussion of the following chapter that deals with ideational change in Poland prior to 1989.

Martial law had diminished the role of self-management bodies, and by 1988, the weakness of self-management bodies was clear. As noted earlier, the self-management idea was used as a strategy to empower workers and temporarily lessen workers tension, and then diminish their power and control them. Thus, the government again introduced the idea of workers’ councils as part of the ‘second stage’ plan to bridge the gap between the government and workers. General Jaruzelski, in his speech in 1988, argued that his government’s vision of self-management was genuine, and described Solidarność’s proposal of a ‘self-managing Republic,’ 1981, as “a republic of anarchy and self-desire.”³⁷¹ The realization of self-management through workers’ council as part of the ‘second stage’ plan was “no longer *an experiment*, but a proven useful practice,” said Jaruzelski.³⁷²

After the drastic rise of retail prices in Poland, which at first was compensated by increasing workers’ wages, Solidarność warned against public unrest. Wałęsa himself announced that Solidarność was ready to lead worker’s demonstrations against price hikes. OPZZ, on the other hand, announced its full support of the government’s economic

³⁷⁰ *Warsaw TRYBUNA LUDU*, “Jaruzelski Addresses Workers.” FBIS-EEU-88-037. 25 February 1988. P: 46. For Jaruzelski “The work of self-management bodies reflects the principles of public ownership and of tasking working people with managerial rights. It also reflects a practical aspect: involvement in the process of increasing the strength, wisdom, and intelligence of workers’ collectives helps raise economic efficiency.” Ibid.

³⁷¹ Ibid.

³⁷² Ibid.

reform.³⁷³ It was noted that the price increases were the most “comprehensive revision of prices in Poland’s postwar history.”³⁷⁴ Signs of growing dissatisfaction start to increase in mid-April. More than 5,000 steelworkers threatened to strike at Stalowa-Wola steelworks in central Poland unless they were compensated for rising prices.³⁷⁵ Other strikes paralyzed Western Poland in the city of Bydgoszcz with demands for better pay and working conditions³⁷⁶ The majority of people agreed with the government on the need for reform, however, with years of economic deterioration, people became more apathetic toward government economic reform. With regard to political reform, Polish society expressed its alienation from the government and showed signs of rejection of the current situation through a boycott of the people’s council elections.³⁷⁷

By the end of April [1988], Solidarność Leader Lech Wałęsa called upon workers to protest “vigorously.”³⁷⁸ Following Wałęsa’s call for strikes, another strike hit one of the key Lenin Steelworks in Nowa Hutu on April 26.³⁷⁹ Strikes had spread all over Poland, with Stalow-Wola joining the strikers.³⁸⁰ The spread of strikes threatened the government’s implementation of the ‘second stage’ plan and represented, according to Jerzy Urban, government spokesman, a “blow to economic reform, to the whole policy of democratization, agreement and opening.”³⁸¹

³⁷³ *Warsaw PAP*, “OPZZ Council Opens 2-Day Session.” FBIS-EEU-88-062. 31 March 1988. P: 32.

³⁷⁴ *Paris AFP*, “Walesa Interviewed.” FBIS-EEU-88-021. 2 February 1988. P: 40.

³⁷⁵ *Paris AFP*, “Steelworkers Demand Pay Raise, Threaten Strike.” FBIS-EEU-88-078. 21 April 1988. P: 39.

³⁷⁶ *Paris AFP*, “Transport Strike Paralyzes Bydgoszcz.” FBIS-EEU-88-079. 25 April 1988. P: 39.

³⁷⁷ *Warsaw SLOWO POLSKIE*, “Poll Shows Confidence in Reform Decline.” FBIS-EEU-88-080. 26 April 1988. P: 46-47.

³⁷⁸ *Paris AFP*, “Walesa Solidarity To Call ‘Vigorous’ Protests.” FBIS-EEU-88-080. 26 April 1988. P: 47.

³⁷⁹ *Paris AFP*, “Action Follows Solidarity Call.” FBIS-EEU-88-81. 27 April 1988. P: 47.

³⁸⁰ *Hamburg DPA*, “Stoppages Reported at Stalowa Wola.” FBIS-EEU-88-084. 2 May 1988. P: 34.

³⁸¹ *Warsaw PAP*, “Urban: Strikes ‘Blow to Reform.’” FBIS-EEU-88-084. 2 May 1988. P: 34.

Due to the increase in strikes, the Socio-Economic Council at the *Sejm*, in its May session, prepared a draft law on ‘extraordinary powers’ for the Council of the Ministers to permit the government to rapidly introduce its ‘second stage’ economic and political plans, and “to eliminate the negative impact of some fringe pressure groups and hidden opponents of the reform.”³⁸² The idea of ‘extraordinary prerogatives,’ ‘special power,’ for the government was designed to empower the Council of Ministers to accelerate the implementation of the reform. The general objectives of the law on ‘special power’ for the Messner government were:³⁸³ 1) to ensure improvement in state monetary market equilibrium; 2) accelerate structural changes in the economy, in particular, liquidating ineffective enterprises; and 3) the power of firing and replacing managers if they show an inefficiency in their workplace.³⁸⁴ A similar idea of ‘special power’ would be proposed again in 1990, but this time by Lech Wałęsa to empower the Solidarność government in its implementation of radical reforms.

Lack of political reform had increased the impact of the economic crisis in 1988. Adam Michnik neatly identified the political factor that led to the May strikes. According to him: “the proposed economic reform adopts many elements of Solidarność’s program. However, one important is missing: society’s identity. The Poles will not support any reform, which does not guarantee their identity. Unless the reform is accompanied by political changes, people will continue to see just one change: price increases.”³⁸⁵ A crisis of confidence had accumulated over decades of political and economic repression. In

³⁸² *Warsaw Domestic Service*, “Council Supports Special Powers.” FBIS-EEU-88-090. 10 May 1988. P: 52.

³⁸³ *Warsaw PAP*, “Messner Addresses Plenum.” FBIS-EEU-88-115. 15 June 1988. P: 38.

³⁸⁴ *Ibid.*

³⁸⁵ *Paris LIBERATION*, “Solidarity’s Michnik Views Strikes.” FBIS-EEU-88-091. 11 May 1988. P: 31.

Poland, different signs directed observers and researchers to one fact - that people will revolt at any moment. Without political reform, the situation would not be resolved by wage compensation only. Thus, as Jacek Kuroń made it clear, in an interview in July 1988:

Today Polish society is deeply frustrated, since all our hopes and endeavors have been blocked by the state or martial law for almost 7 years. There is an enormous gulf between what the Poles want and what those in power over them are prepared to give. In this situation many people have difficulty in seeing the value of the small steps toward increased democracy and pluralism which every little compromise represents, every new periodical published and every concession made, be it even so insignificant, by the powers that be.³⁸⁶

In the Soviet Union, *perestroika* influenced renewal policies in the rest of East Central Europe. Similarly, Communist Party started its own renewal strategy and *perestroika*. It is no secret that the major opponents of Polish *perestroika* came from the apparatus, in particular, there was resistance from the *nomenklatura*. The pace of political transformation was perceived as being very slow. The government's main goal was to lift Poland from the economic crisis that had led to several strikes and protests, and thus, it had given less attention to political reform. Lack of political initiative, combined with economic difficulties, led to an increased demand from the opposition to introduce radical political reform. Solidarność, which was still banned from practicing in any activities, urged the government to start a dialogue with the society, by first legalizing Solidarność, and allowing political pluralism and accelerating economic reform. Thus, in July, the government started speaking about the idea of social accord with the opposition.

³⁸⁶ *Stockholm DAGENS NYHETER*, "Government Enemy' Dissident Kuroń Interviewed." FBIS-EEU-88-139. 20 June 1988. P: 51.

Interest in the capitalist economic system increased during the 1980s, particularly after the imposition of martial law when many activists, economists, and workers believed that state socialism was no longer a viable model for economic efficiency and democracy. Poland and Hungary were among the most intellectually active countries in Eastern Europe in their openness to different economic and political ideas and their continuous search for alternatives. As described by Jerzy Regulski, in Poland “the impossibility of conducting public debate forced the transfer of public life to private homes, which became the settings of clandestine meetings resembling those held during the Nazi occupation despite the official ban on such activities, Polish society was always seeking ways to reform the state.”³⁸⁷

The publications of Friedman and Hayek were translated and disseminated in Poland and brought about a new generation of advocates for a free-market as opposite to a planned economy. In their article entitled *The Spiral Decline*, published in May 1988, Jacek Morag and Jaroslaw Szewczyk, described the capitalist system as a model that was proven successful: “that system is becoming relatively humanist and is able to create genuine opportunities so as to achieve social consensus and, primarily, to ensure a good quality of life and man’s comprehensive development and self-realization.”³⁸⁸ For them, the capitalist system’s primary goal was to invest in human capital. Capitalist countries spent more on education, culture, scientific-technological infrastructure and basic and applied scientific research because human capital “is much more valuable and in demand

³⁸⁷ Jerzy Regulski, *Local Government Reform in Poland: An Insiders’ Story* (Open Society Institute: Budapest, 2003), 27.

³⁸⁸ *PRZEGLAD TYGODNIOWY*, “Press Review on Superiority of Capitalism.”FBIS-EEU-88-098. 20 May 1988. P: 27.

in the world markets than products of traditional industries.”³⁸⁹ Improving human capital was of paramount importance for capitalist countries because building an intellectual elite means building the nation’s future.³⁹⁰

Another example of increasing interest in capitalist market economy was the creation of *Dziekania*.³⁹¹ *Dziekania* described as a Roman Catholic opposition group composed of intellectuals formed in 1984 supporting market economy and democracy.³⁹² *Dziekania* issued a declaration after it became a legal institution in October 1988 that emphasized on the need for political and economic radical reform toward democracy and capitalism. *Dziekania* supported the legalization of Solidarność, trade pluralism, and political pluralism. Their economic and political ideas built on the need to create a new democratic and capitalist country to bridge the division between Eastern and Western Europe. *Dziekania*’s declaration reads: “the club bases its political activity on the following principles: civic sovereignty as the cornerstone of society’s organization, evolutionary change as a method of political activity, the market economy as a means of

³⁸⁹ Ibid. Jacek Morag and Jaroslaw Szewczyk compared Poland with FRG and other countries spending in education to build intellectual elite. They wrote, “to create such an elite, societies in the capitalist countries continue to promote multilevel systems of education.. at this point it is worth inquiring about the condition of the Polish school systems of education...at this moment it is worth inquiring about the condition of the Polish school system. Is it capable of training men and women who know how to cope with the challenges of the modern world? The FRG, the country whose economic successes we view with such envy, spend five times as much as on education (as we do), the FRG is by no means one of the educational giants in the capitalist world. Japan and the United States are leaders in education and, logically, in the development of most modern technologies. We are also behind the countries whose development of most modern technologies. We are also behind the countries whose development is similar to ours. In 1980-87 the number of our students decreased 25 percent.... We educate only 10 percent of each age group, while the percentage figure for Europe is 20 and for the United States and Japan 30.” Ibid.

³⁹⁰ Ibid.

³⁹¹ *Warsaw PRZEGLĄD KATOLICKI*, “Political Club Supports Solidarity, Free Market.” FBIS-EEU-88-208. 27 October 1988. P: 42.

³⁹² Ibid.

improving the material existence of the Poles, and finally, the state viewed as the common good of free citizens.”³⁹³

The government’s ‘second stage’ plan was hit hard again in August, when miners, steel workers, and others initiated strikes in Szczecin, Katowice and Gdansk. During that time, Interior Minister Czesław Kiszczak proposed the idea of the ‘roundtable’ talks to be held with the opposition without any pre-conditions.³⁹⁴ The government reached a conclusion that there is a need to start a talk with Solidarność to support its reform.

Increase in dissatisfaction and the fact that the strikes had started right after the implementation of ‘second stage’ forced Messner’s government to resign on September. The strikes that hit Poland in late August and September 1988 were one of the most serious and largest since 1980. Therefore, the *Sejm* approved the resignation of Messner’s government and confirmed the appointment of Mieczysław Rakowski as Premier.

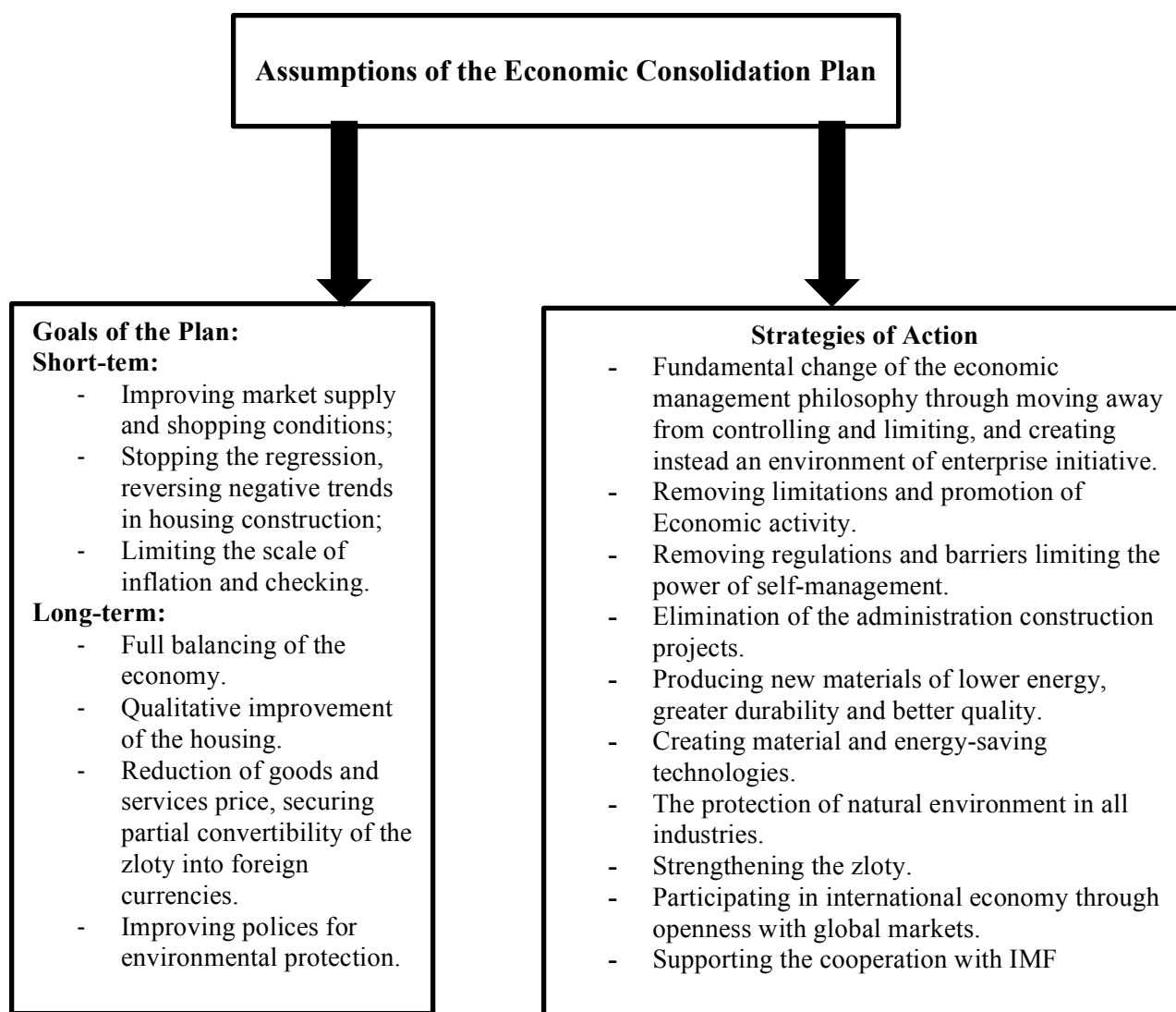
The last resort: ‘Consolidation Plan’

With the change of the government in Poland after the resignation of Messner’s government, a new chapter of economic activity and reform opened. A new economic plan, a “consolidation plan,” was developed, in which market would be the decisive factor in maintaining economic market equilibrium. This plan, one can see was the most economic liberalized plan before the collapse of state socialism in 1989. The figure below shows the basic assumptions and premises of the economic ‘consolidation plan.’

³⁹³ Ibid.

³⁹⁴ *Warsaw PAP*, “Role Seen for Constructive Opposition.” FBIS-EEU-88-168. 30 August 1988. P: 40.

Figure 2:1: Assumptions of the Economic Consolidation Plan.³⁹⁵



The consolidation plan³⁹⁶ aimed to push for more liberalization for the economy and improve the role of the private sector and its contribution to Polish economy.³⁹⁷ The

³⁹⁵ *Warsaw PAP*, "Assumptions of Economic Consolidation Plan." FBIS-EEU-88-214. 4 November 1988. P: 43-46. The above figure is a short version of Poland national economy consolidation plan, extracted from FBIS translated report of Poland. To see the full text of the economic assumptions of consolidation plan, return to the same source.

³⁹⁶ Władysław Baka, summarized the major premises of the 'consolidation plan' as the following: "the first: the transfer of productive forces to where they will best serve the aims. The second point: an offer to our creditors to solve the problems of indebtedness. The third point: an opening for the undertaking of economic activity in all sectors, an equality of conditions for activity- private, state, co-operative and other. The fourth point: an efficient and stable economic system for enterprises and other economic units.

idea was to break all bureaucratic and central administrative barriers to economic activity and trade. The ‘consolidation plan’ would serve as the cornerstone for the formulation of an adjustment program that would solve Poland’s foreign debt’s burden and normalize financial and credit relations with creditor countries, and also support Poland’s efforts in obtaining credits from the IMF and the World Bank. Therefore, the plan aimed at more marketization and liberalization of the Polish economy.

Below is a summary of the major objectives of the ‘consolidation plan:’³⁹⁸

1. “Reallocation of the factors of production and a rational use thereof.”³⁹⁹
2. Poland’s debt burden to foreign countries was priority to be overcome by accelerating economic reform to ensure better credit relations and greater imports from creditor countries.⁴⁰⁰
3. Initiative in all sectors of the economy would be encouraged through equal conditions being applied to private, state and cooperative enterprises.⁴⁰¹
4. Introduce more marketization in the economy through a series of measures to create a market mechanism.⁴⁰²
5. Eradicate ‘parochialism’ in the economy and introduce measures to create an efficient economy.⁴⁰³

The fifth point: new principles for prices and incomes policy- price must be an external parameter in relation to the enterprises; incomes cannot be empty, incomes must have coverage on the market.” *Warsaw Television Service*, “Baka on Consolidation Plan Guidelines: Gives Plan Details.”FBIS-EEU-88-202. 19 October 1988. P: 31.

³⁹⁷ Ibid.

³⁹⁸ *Warsaw TRYBUNA LUDU*, “Baka on Economic Consolidation Plan.”FBIS-EEU-88-210. 31 October 1988. P: 41.

³⁹⁹ Ibid.

⁴⁰⁰ Ibid.

⁴⁰¹ Ibid.

⁴⁰² Ibid.

Changes in various sectors of the economy and creating new regulations faced with resistance from the society, especially from workers. Thus, the government felt the need to accelerate the process of socio-political reform to curb the effects of restructuring the economy. As can be seen, this plan aimed at improving the role of private sector and accelerating the process of marketization of the Polish economy.

Initiatives for national accord were introduced earlier in the year, but were halted several times. In October, the idea of the ‘roundtable’ discussion gained more attention from Solidarność, the Church, OPZZ, PRON, and the public in general. The idea of the ‘roundtable’ faced resistance from the Party itself, in particular, from the hardliners who rejected the idea from the start. In an interview in the daily *DIE WELT*, Mieczysław Rakowski’s stated that the Polish Party was in favor of reform in general, but he noted that there were still “remainders of old thinking which had come into being in Stalin’s time. This thinking is still alive today and is not visible in programs but in attitudes and in a degree of uncertainty about what the future will bring and the role of the party.”⁴⁰⁴

Czesław Kiszczak, Minister of Internal Affairs, made a famous statement on September 25, inviting the banned Solidarność, and expressing his readiness to work within the legal framework of a ‘roundtable.’ Kiszczak proposed a plan of national accord and proposed it to Solidarność leadership. Lech Wałęsa accepted the proposal, however, talks between the government and leader of the banned Solidarność trade union has been delayed over disagreement on the composition of the Solidarność participants.

⁴⁰³ Ibid.

⁴⁰⁴ *Hamburge DPA*, “Rakowski Favors Pluralism; Rejects Solidarity.” FBIS-EEU-88-238. 12 December 1988. P: 38.

The government informed Wałęsa in October that four members, termed “extremists”⁴⁰⁵ by the government, would not be allowed to participate in the ‘roundtable’ talks between the government and opposition leaders. The four were Jacek Kuroń,⁴⁰⁶ Adam Michnik, Wladyslaw Fransyniuk and Stefa Bratkowski who Wałęsa wanted to include in the talks.⁴⁰⁷

Rakowski formed his government on October 13, 1988. Rakowski’s new government included entrepreneurial ministries. Mieczysław Wilczek, who advocated a free-market economy, headed the Ministry of Industry. He believed that the private sector should receive equal treatment with other sectors of the economy, such as state-owned and cooperative enterprises, in regard to tax and equal access to credits, as part of the economic ‘consolidation plan.’ Wilczek in this regard said that “if socialism in Poland has lived for decades with an agriculture that is 80 percent private, why should it not tolerate an economy that is 80 percent private?”⁴⁰⁸

U.S.-Poland relations improved during this time. It is important to remember that U.S.-Poland relations had deteriorated over the last decade, in particular, after the imposition of martial law, when the U.S. imposed economic sanctions on Poland. The relations between the two states after Poland’s commencement of its economic and socio-political reform plans, started to improve. Visits to Poland by American politicians and

⁴⁰⁵*Vienna KURIER*, “Kuroń on Delay, Participation, Goals of Talks.” FBIS-EEU-88- 208. 27 October 1988. P: 41.

⁴⁰⁶Kuroń explained the reason behind the government rejection of his participation at the ‘roundtable’ talks, by saying that “the government only wants those people who recognize the Polish Constitution. We are all to proceed from the basis of the Constitution- that Constitution that says that the power belongs to society. This is exactly what I have been struggling for 30 years and this is the reason why I spent 10 years in prison. Perhaps the Government should first promise that the government itself will observe the Constitution.” *Vienna KURIER*, “Kuroń on Delay, Participation, Goals of Talks.” FBIS-EEU-88- 208. 27 October 1988. P: 41.

⁴⁰⁷*Paris AFP*, “Talks Delayed, Solidarity Delegation Disputed.” FBIS-EEU-88-198. 13 October 1988. P: 41. Kuroń was described as being “professional in confrontation.” *Ibid*.

⁴⁰⁸*Vienna DIE PRESSE*, “Wilczek Views Current Economic Reform.” FBIS-EEU-88-221. 16 November 1988. P: 44.

businessmen had increased, and there was more cooperation and normalization. In this regard, Mieczysław Rakowski said that “if the United States treats its previous declarations in favor of bold Polish reforms seriously, then there is no longer any reason to impede out cooperation with international financial organizations. We are open to a further improvement in our relations with the United States. Washington says: step-by-step. All right, but let these steps be bigger.”⁴⁰⁹

Also in October 1988, the Rakowski government promised to initiate active action on economic reform to induce economic efficiency. During this period, Rakowski decided to close the Gdansk shipyard, the cradle of the Solidarność trade union. For Solidarność, this decision was ‘provocative’ and “not economic, but political reasons have caused him to give Solidarity this box on the ears.”⁴¹⁰ The closure was going to take place on the first day of December. Solidarność leaders protested this decision as being politically driven.

On the other hand, the Prime Minister of Great Britain Margaret Thatcher, visited Poland in November. During her visit, she urged the government to make changes in the political and economic spheres, making it clear to the Polish government that the regime

⁴⁰⁹ *Warsaw RZECZPOSPOLITA*, “Constructive Approach Noted.” FBIS-EEU-88-201. 18 October 1988. P: 35. A session of the Polish-US Economic Council held in October 1988, for two days, represent an advance step toward normalization of their relations. *Warsaw TRYBUNA LUDU*, “Session’s Proposals, Results Noted.” FBIS-EEU-88-201. 18 October 1988. P: 36-37.

⁴¹⁰ *Hamburge DPA*, “Walesa in Premier’s Provocative.” FBIS-EEU-88-210. 31 October 1988. P: 36. Bronisław Geremek, Solidarność advisor, said: “the problem with the decision on the Lenin Shipyard in Gdansk is that it seems to be primarily political, not economic. The shipyard is among the enterprises on the list of unprofitable enterprises. However, the government started with the Gdansk shipyard because it is a symbolic place for Solidarity. I think this-destruction of symbols for Polish society- presages a bad period for current Polish life. It must be understood that the overall economic reform, which we do need now, now depends on social consensus. How then can we build this type of social consensus if we destroy Polish symbols?” *Paris Domestic Service*, “Geremek: Shipyard Closure Presages Bad Period.” FBIS-EEU-88-211. 1 November 1988. P: 40.

needed to change by: 1) “talking to all strands of opinion, including Solidarność;”⁴¹¹ 2) “adopting the preservation of human rights as a way of life before hoping for full relations with countries like Britain;”⁴¹² 3) “breaking down the physical and ideological walls still separating the East from the West.”⁴¹³ The restoration of Poland’s relations with Western Europe was conditional on political and economic changes. Prime Minister Thatcher, a major advocate of neoliberalism doctrine, expressed her interest in helping Poland in its economic reform. During Thatcher’s visit to Poland, Kiszczak renewed his call for the ‘roundtable’ meeting.⁴¹⁴

Another development in the political sphere was the formation of the Socio-Political Committee, which was concerned with the implementation of reforms in the socio-political sphere. One of the major drafts discussed during its first meeting was one about a law on associations, which included new rules aimed “to enable citizens to make use of their constitutional rights to associate.”⁴¹⁵ This new law resembled the *glasnost* Gorbachev idea of renewal of the Soviet Union through political liberalization. Several new associations had registered by the end of the year, among them the Human Rights Committee. Other associations that were legalized included: *Spoleczne Towarzystwo Oswiatowe* (Public Education Society) which demanded the establishment of private

⁴¹¹ *London Press Association*, “Urges Changes at Banquet.” FBIS-EEU-88-214. 4 November 1988. P: 32.

⁴¹² *Ibid.*

⁴¹³ *Ibid.*, 33.

⁴¹⁴ *Warsaw PAP*, “Kiszczak Renews Call for Talks on Roundtable.” FBIS-EEU-88-214. 4 November 1988. P: 34-35.

⁴¹⁵ *Warsaw PAP*, “Government Sociopolitical Committee Inaugurated.” FBIS-EEU-88-222. 17 November 1988. P: 44.

schools in Poland; *Stowarzyszenie Katolickiej Młodzieży Akademickiej* (Association of Catholic Student Youth); and *Liga Akademicki* (Student League).⁴¹⁶

Solidarność's support for reform was conditional on the legalization of Solidarność, a condition which it had repeated several times since the inception of the idea of the 'roundtable;' as Adam Michnik said: "no real opening up is possible in Poland today without Solidarność legalization."⁴¹⁷ Similarly, Stefan Bratkowski, accentuated that: "without Solidarity it will be impossible to carry out any authentic, true reform because the work force will simply feel too insecure and apprehensive about any reform moves."⁴¹⁸

The Party was experiencing a 'crisis.' This crisis started at the beginning of the creation and consolidation of socialism in Poland, as mentioned before. The first weakness of the Party was obvious when looking at the "low level of influence of many primary party bodies."⁴¹⁹ The second sign was "an absence of an unequivocal ideological interpretation of social, economic, and political processes."⁴²⁰ Low level of commitment of the Party members was the third sign.⁴²¹ The fourth sign was the loss of prestige of Party members among workers, peasants and young people.⁴²² In general, the Party's crisis was a result of economic failures and political monopolization of power.

⁴¹⁶ *Warsaw Domestic Service*, "New Social Groups Receive Legal Status." FBIS-EEU-89-001. 3 January 1988. P: 49.

⁴¹⁷ *Opole TRYBUNA OPOLSKA*, "Paper Comments on Opposition Stances." FBIS-EEU-88-223. 18 November 1988. P: 39.

⁴¹⁸ *Ibid.*

⁴¹⁹ *Warsaw TYBUNA LUDU*, "Party 'Crisis' Explained, Restructuring Explained." FBIS-EEU-88-225. 22 November 1988. P: 28.

⁴²⁰ *Ibid.*, 29.

⁴²¹ *Ibid.*

⁴²² *Ibid.*

Gradual march toward market economy

As stated before, there were a rise in pro-capitalist tendency and movements. The imposition of martial law, as mentioned earlier had facilitated the emergence of other alternative to socialism, in particular, capitalist market economy. ‘Second stage’ plan and ‘consolidation plan,’ were an indication that the government itself realized the importance of market mechanism for economic efficiency, thus it introduced more liberalization and marketization measures to reform the economy. Private farmers, artisans and private entrepreneurs were major supporters of a market economy and were interested in the dissolution of the political and economic monopolization and constraints.⁴²³ In addition, young people, who had started “working in their own,” were interested in market economy.⁴²⁴ The government was interested in introducing a market mechanism for economic efficiency, and encouraged it by creating a new law on the Freedom of Economic (Business) Activity. In the new Economic Activity law, citizens would have the right to perform economic activity freely, “taking up and performing economic activities is free and permitted to anyone on equal rights under conditions defined by the law” (Art. 1).⁴²⁵ The major goal of the law was to give individual freedom to undertake any economic activity without restrictions in any field, except those that required a license.⁴²⁶ This new law on economic activity aimed at giving equal treatment to all forms of ownership.⁴²⁷ Moreover, under the new rules of economic activity, enterprises would take economic decisions independently, “reaping advantages and

⁴²³ *Warsaw PRZEGLAD KATOLICKI*, “Socialist Economy’s Viability Doubted.” FBIS-EEU-88-234. 6 December 1988. P: 42.

⁴²⁴ *Ibid.*

⁴²⁵ *Warsaw PAP*, “New Law Recognizes to Economic Activity.” FBIS-EEU-88-239. 13 December 1988. P: 39.

⁴²⁶ *Ibid.*

⁴²⁷ *Ibid.*

improving their financial results... at the same time, taking the risk and bearing the consequences for inappropriate ones.”⁴²⁸ This law on Economic Freedom in 1988 was a clear indication of Poland march toward market economy, albeit in a slower pace.

The Economic Committee at the Council of Ministers also approved a law on foreign exchange, in which new rules allowed for free foreign exchange economic activity.⁴²⁹ This law would open up Poland to foreign capital without any restrictions and would provide guarantees for this capital.⁴³⁰ “Not capitalism, but realism,” said Rakowski in describing his economic liberalization measures in 1988.⁴³¹ For him, economic and political reform was necessary due to the new realities in the international system. For Poland to catch up with the rest of the world, there was an urgent need to introduce a market mechanism for economic efficiency. However, Rakowski asserted that the Party would not abandon socialism in its negotiations with the opposition. The Party asserted its vision of an economy favoring a multi-sectored national economy with equal treatment, while maintaining the domination of public ownership.⁴³² A new thinking in terms of economic relations had dominated the discussion during Party 10th plenum. In addition, the role of the Party, in the light of changes in Poland, had occupied the center

⁴²⁸ *Warsaw TRYBUNA LUDU*, “Politburo 10th Plenum Theses Published.” FBIS-EEU-89-002. 4 January 1989. P: 53.

⁴²⁹ *Warsaw PAP*, “Draft Foreign Exchange Law Approved.” FBIS-EEU-88-248. 27 December 1988. P: 34.

⁴³⁰ *Ibid.*

⁴³¹ *Hamburge DIE ZEIT*, “Rakowski Interviewed on Domestic Policy Issues.” FBIS-EEU-88-249. 28 December 1988. P: 36. Rakowski described his economic idea, in an interview with *DIE ZEIT*, as the following, “my economic philosophy is based on the principle of free enterprise, because the basis of every human development has always been the most unhindered entrepreneurial initiative possible. It is true we will continue a certain amount of planning, but we will break with the tradition of a centrally controlled economy which began with Stalinism,.. the new office is supposed to influence only the economic and financial strategy... however, the dramatic difficulty is that an entire generation has been brought up in the centralist system, and in a way considered this comfortable. Possibility it will take another entire generation to totally abandon it.” *Ibid.*

⁴³² *Warsaw TRYBUNA LUDU*, “Politburo 10th Plenum Theses Published.” FBIS-EEU-89-002. 4 January 1989. P: 54.

of Party discussions. The Party also emphasized the role of self-management as an integral part of economic sufficiency and efficiency.⁴³³ The following chapter gives the reader more detail about the government position about the idea of self-management from 1945 until 1988.

Different draft laws were proposed to liberalize the economic sphere. It should be noted that the banned *Solidarność* trade union did not present an alternative economic program in 1981, or even in 1989, *Solidarność*'s stance on economic reform was not concrete and was subject to certain conditions and circumstances. In December, *Solidarność* organized a new conference composed of *Solidarność* activists and more than 60 intellectuals that discussed opposition agenda, and proposed the formation of Citizens' Council⁴³⁴ (Chapter six presents the history of Citizens' Committee). After the 'roundtable,' Citizens' Committees would become the political platform for *Solidarność* candidates. One of the most prominent Polish philosophers, Leszek Kołakowski, whose writings had inspired the political and economic agenda and ideals of *Solidarność* since 1980, attended the conference in support for *Solidarność*. Kołakowski was one of the major leaders of the revisionist movement that criticized the monopolization of the Communist Party in Poland.

The idea of the 'roundtable' was hailed as a major breakthrough in the deadlock that was paralyzing all attempts of reconciliation between authority and the opposition. Lech Wałęsa had a few discussions with the interior minister General Kiszczak followed by famous television debate between Wałęsa (*Solidarność*) and Miodowicz (OPZZ).

⁴³³ Ibid.

⁴³⁴ *Hamburge DPA*, "Solidarity Leaders, Intellectuals Meet in Warsaw." FBIS-EEU-88-243. 19 December 1988. P: 38.

The results of the ‘consolidation plan’ were still disappointing to the society. As Jacek Kuroń stated, these reforms would end like the previous ones with no real change: “everyone knows how this will end, everyone except Rakowski himself.”⁴³⁵ Public apathy toward politics was noticeable during that time and signified with the lower turnout in local elections. Kuroń identified two main factors that created this indifference and apathy in Polish society toward political issues, saying that the Poles “need most of their energy for the struggle for survival and they no longer believe in the effectiveness of mass actions. They remember very well the defeat of 1982.”⁴³⁶ The war, according to Kuroń, that the rulers declared on Polish society on December 13, 1981 had deeply divided Poland. The strikes in 1988 pressured the government to seek talks. The rejection of the economic proposal of 1986 and the rejection of the economic ‘second stage’ in 1987 were indications of the distrust between society and the regime. In Poland all economic plans formulated to tackle economic deterioration had failed.

By agreeing to negotiate with the Solidarność movement, the government hoped that “Solidarity would be less dangerous as a junior partner, within the government and appealing for order, than as an underground ‘thousand-headed monster’ inciting Poles to resistance... The PZPR hoped to entrust Solidarity with the responsibility for economic policy and thus far the opposition with some of the blame for the country’s economic mess.”⁴³⁷ The reasons behind the government’s decision to compromise were many. Among them were the inability of the government to handle the

⁴³⁵ *Vienna PROFIL*, “Jacek Kuroń on Solidarity Development.” FBIS-EEU-88-244. 20 December 1988. P: 53.

⁴³⁶ *Ibid.*, 52.

⁴³⁷ Ben Slay 1994:73. For further analysis of the economic situation in Poland at the time of transition, see Janice Bell, *The Political Economy of Reform Post- Communist Poland* (Edward Elgar, 2001).

economy with rising dissatisfaction from society, which was clear from the rejection of the ‘second stage’ reform; the rising pressure for political reform that had intensified after Gorbachev’s came to power; the role Solidarność in undermining the legitimacy of the Communist Party.

Summary

Poland’s partition between the major powers in the region influenced the development of the political and economic institutions in the country. After World War II, Poland started its road toward socialism. By 1948, all opposition to the Communist Party eliminated and Communist Party consolidated its power in Poland. The rise of Communist to political power after 1945 regarded as a critical juncture in Poland’s history that led to the creation of new political and economic institutions following communist ideology. Different protests and strikes had erupted in the late 1950s for economic reasons. At the same time, revisionist movements in Poland and elsewhere in East Central European countries, flourished and created an atmosphere of resentment toward Party bureaucratic monopolization. Political repression and economic crisis had led to different intellectual and workers’ strikes. By 1976, a new movement created *KOR*, in defense of workers, led by intellectual activists. The creation of *KOR*, as Michael Bernhard stated, encouraged other opposition movements to arise in Poland: “KOR’s success inspired others in Poland to form new oppositional movements and institutions. The organized opposition grew to a size and diversity that was unprecedented in the Soviet bloc.”⁴³⁸ Another movement emerged, the “Free Trade Union” of the Baltic

⁴³⁸ Bernhard 1993: 131.

seacoast, led by Lech Wałęsa, Andrzej Gwiazda and Anna Walentynowicz, who would play a prominent role within the Solidarność movement.

In August 1980, new waves of strikes led by workers paralyzed the country and forced the government to start negotiations. During Solidarność's formative years, *KOR* activists played a pivotal role as advisors, researchers, journalists, and leaders within the movement.⁴³⁹ Solidarność was a movement composed of different political and ideological worldviews. The economic crisis, which increased after the government's decision to increase the price of consumer goods, in particular the price of meat, and the firing of Anna Walentynowicz, brought about the formation of a new social movement that would lead to the collapse of state socialism and direct the process of transition to democracy and capitalism in 1989, Solidarność. Solidarność's major demand was the creation of an authentic self-management in state enterprises. For Solidarność, one of the major causes of Poland's economic ills was the monopolization of the economy by the *nomenklatura*. Solidarność therefore demanded the elimination of the *nomenklatura*, and the establishment of a authentic workers' democracy through workers' councils in every enterprise. Solidarność wanted social ownership of the means of production to replace state ownership.

With the recognition of the first independent trade union in Eastern Europe, the Communist Party felt threatened by Solidarność's presence and its demands for demonopolization, and free elections. Thus, in December of 1981, a 'state of war' was announced and martial law was imposed. The declaration of martial law led to the delegalization of the Solidarność movement. This move forced Solidarność to pursue its activities through underground publications and secret meetings. Solidarność's political

⁴³⁹ Ibid.,195.

ideas were inspired by the declaration of Human Rights and the role of workers in the socialist system. For Tadeusz Mazowiecki, the editor-in-chief of *Solidarność*'s weekly journal, who would, in 1989, be the first non-Communist Prime Minister of Poland since World War II, self-management represented a remedy for everything. He said in 1981: "we expect it to increase worker interest and therefore productivity. If workers are working for themselves, they will be willing to make the sacrifices the situation demands. They won't do it for worthless pay increases or if they feel that their labor only enriches their bosses, but they may do it for themselves."⁴⁴⁰

To sum up this chapter, economic failures and political illegitimacy led to an increased number of protests and strikes. These strikes were characterized, at first by specific groups, either intellectuals or workers, and then both cooperated with the rise of *Solidarność* in their struggle against Communist Party. It was argued that the first time that both intellectuals and workers unified in their protest toward the government was during the formation of *Solidarność* in August 1980. Thus, *Solidarność*'s emergence represented a historic turning point in the history of Poland, which changed the course and trajectory of Poland for years to come. *Solidarność*, as has been shown in this chapter, based its whole program and activities on and toward the idea of self-management. Self-management had historic roots in Poland during and after World War II. In addition, it was supported and promoted by prominent economists in Poland, such as Oskar Lange (the originator of the idea of market socialism) and Michał Kalacki (who developed ideas similar to Keynes). Both had attempted to reform the system under the umbrella of socialism, but their efforts failed at the end to produce significant

⁴⁴⁰ Weschler 1982:106.

change due to the lack of implementation of their ideas, which will be the subject of the following chapter.

After two rounds of their first and only Congress, before the historic ‘roundtable,’ Solidarność announced its major program, which was discussed in detail in this chapter, but it did not develop an alternative strategy for economic reform. Compromises were reached on the idea of self-management between the government and Solidarność. On December 13, 1981, the Party declared a ‘state of war’ against Solidarność and imposed martial law. Martial law led to imprisonment for many Solidarność leaders. This event forced Solidarność to work underground to educate the society about their rights and ways of civil resistance. It is important to note here that Solidarność had emphasized the need for social justice, democracy, and social ownership of the means of production in order to reform state institutions. In addition, in its struggle, Solidarność used non-violence as the principal method of its social resistance. During this period of time, an anti-politics movement started that directed its efforts toward economic problems rather than the political institutions. Underground, Solidarność benefited from support from the society and the Church. In addition, during the martial law period, several pro-capitalist movements and groups emerged in search for an alternative to state socialism.

In addition, although the government in Poland activated the idea of self-management as a reaction to the crisis, through workers’ councils, the role of workers’ councils diminished with time. Thus, one can argue self-management idea was weakened because of the government’s control over enterprises, and due to the dominant role of the *nomenklatura*. In addition, any alternative ideas to state socialism would fail without

political reform. As a result, and due to the weakness of the idea of self-management, other ideas occupied the center of intellectuals' and activists' discussions, in particular the ideas of market socialism and the market capitalism (free market economy).

The major aim of this chapter was to trace and construct a historical account of Poland's political and economic development from 1945, and earlier, to the 1988. The argument constructed here revolved around the premise that political and economic domestic factors contributed to Poland's transformation in 1989, toward democracy and capitalism. This study turns to historical archives and publications to give an in depth case analysis of Poland. This 'turn to history,' is vital for the 'turn to ideas' that constitutes the theoretical base for the following chapter. Thus, I argue in the subsequent chapter that ideational change that took place in early 1945, was another major factor which contributes to the explanation of Poland's transition to democracy and capitalism in 1989-1990. The questions for the following chapter are: What happened with the ideas that existed in Poland prior to 1989? How did different ideas decline and others emerge? And why?

Chapter Four: Ideational Change in Poland since 1945

Our world is dominated, in large measure, by the accentuation of the contradiction between the extraordinary progress of the sciences and the much slower evolution of the ideologies.

- Gilles Martinet (1974).⁴⁴¹

The talk about markets in former communist states often serves as a synonym or code word for seeing to it that the state and especially the party are deprived of control over the economy and society.

- Bogdan Denitch (1990).⁴⁴²

With the rise to dominance of the free market ideology of the New Right, together with the demise of the centrally planned economies, that the ideological climate changed decisively.

- Dimitris Milonakis (2003).⁴⁴³

Introduction

This chapter deals with the second major factor that contributed to Poland's transition to capitalism and democracy in 1989-1990: the ideational change in Poland since 1940s. The role of ideas in institutional change cannot be understood without tracing their developments throughout history because, "ideas – not understood as culture or ideology but as specific diagnoses and cause-effect beliefs produced primarily within economic science - can 'matter'; even in a case where they are up against highly organised and strong interests."⁴⁴⁴ And thus, the aim of this chapter, therefore, is to

⁴⁴¹ Gilles Martinet, "the Theory and Ideology of Socialism," In *The Socialist Idea: a reappraisal*, edited by Leszek Kolakowski and Stuart Hampshire, pp: 238-245, (Weidenfeld and Nicolson: University of Reading, 1974): 238.

⁴⁴² Bogdan Denitch, "The Triumph of Capitalism: A Result of the Collapse of Communism?," *Dissent* (Spring 1990): 177.

⁴⁴³ Dimitris Milonakis, "New market socialism: a case for rejuvenation or inspired alchemy?," *Cambridge Journal of Economics* 27, no. 1 (2003): 98.

⁴⁴⁴ Christian Albrekt Larsen and Jørgen Goul Andersen, "How Ideas really matter: The Case of new economic ideas that change the Danish welfare state," *Governance*. (April 2009), accessed online Aalborg university, P: 28.

explain how different ideas emerge and decline, using ideational theories and apply it to the Polish context. Ideas and discourse of the powerful actors were crucial in understanding institutional changes and continuity, as demonstrated in chapter two.

In order to understand the role of different idea, this chapter traces the socialist idea since its inception and consolidation into Poland's polity after World War II. In particular, this chapter will demonstrate how different ideas dominated the political and economic spheres in Poland after World War II. The point here is that certain conditions and circumstances in international and national levels dictates the behaviors of major actors and dictated the entrance of new ideas. The basic premise here is that due to the failed implementation and decline of the socialist ideas, which was clear from repeated deterioration of economy and the rise of oppositional movements, new opportunity emerged for revisionist and reformist elites who thought that a new reformed idea of socialism would be able to save 'existing socialism' in Poland.

The revisionist's major goal was, therefore, to reform the Party from within by reasoning and founding their criticism on socialist ideals, and by using the language of Marxism and pointing out to the need for reform, and to the need to return to the origins and core principles of socialism. Their vision for reform was confronted and accused as being an "anti-socialist." Therefore, revisionists, as this chapter will show, were weakened by established unfavourable international factors (Cold War between the United States and the Soviet Union was in its peak); and an internal environment that curbed their efforts and made some of them to turn to different reform ideas under socialism, and others to turn against it by adopting market capitalism idea. One can argue that revisionist movement did not constitute a coherent set of ideas of political and

economic reform, and therefore, it declined. In addition, during the rise of the revisionist movement, many of the Party members did not support it. For an idea to be implemented, powerful actors within the polity should advocate it. The revisionists, did not have an access point to a powerful political position, and thus, failed to propagate and implement their new reformed idea of socialism. As a result, their new refined socialist idea rejected and many of its advocates were imprisoned or emigrated.

Opportunity emerges whenever there is an economic and political crisis, according to Mark Blyth, but it will not lead to drastic change of institutions unless there are favorable indigenous and exogenous factors. Crisis, as mentioned in chapter two, create an opening for new ideas to enter decision-making through particular actors. The case of Poland, one can argue, is a representative of Central and Eastern European countries that consolidated socialist system for more than 40 years. By looking at both material and ideational factors and the role of crisis, one can understand institutional stability and changes. Changes in the realm of ideas take longer time because they involve changing how people's worldview and belief systems should work. In particular, if the idea is new to the society, it will take longer for it to be adopted and contextualized. Thus, in any institutional and policy change, actors play a pivotal role in implementing and disseminating a particular idea. Another factor that contributes to the emergence of new ideas is the fall and weakness of the existing ideas, especially if this idea failed to produce its desired goals. The story of the emergence and decline of the socialist idea is the subject of the first section in this chapter. Due to its weakness, the socialist idea lost attractiveness and failed to present solution to existing political and economic problems. In addition, the socialist ideas lost the trust of its own adopters. As a result, different

reform ideas emerged that first tried to combine administrative mechanism with market mechanisms under Communist Party domination. With time, those ideas of reform, such as self-management and market socialism, declined and were unable to solve the problem with state socialism. One main reason for that was the lack of political reform and Communist Party monopolization of both economic and political powers. Without political reform, Communist Party failed to solve the economic problems in Poland.

As von Mises in his famous ‘calculation debate’ argued, that socialism that lacks the logic of rational calculation will lead to an inefficient economy. In addition, the socialist idea created what has been termed by János Kornai, as a shortage economy. Thus, the first section of this chapter will deal with the socialist idea, its emergence in Poland, its weakness and its final life cycle⁴⁴⁵ in Polish political, economic and social arenas before transition to capitalism in 1989-1990. The socialist idea was the dominant ideology in Poland and in the rest of Eastern Europe, but different ideas emerged, under the umbrella of state socialism, that sought to introduce market mechanism and achieve economic efficiency for socialist ends.

The second section of this chapter will look at the rise of the idea of self-management in Poland and the role of Solidarność as the major advocate for this idea during 1980. After the August workers’ strikes, a new independent trade union had emerged. Their major demands were the reintroduction of the idea of self-management through the formation of workers councils in state enterprise in Poland.⁴⁴⁶ The third

⁴⁴⁵ Ideas, in reality never die; they re-emerge in different time and different form.

⁴⁴⁶ Adam Michnik wrote in his article entitled “All of Us Are Hostages,” in his description to Solidarność’s demands and the government response: “Let me repeat: Solidarity never demanded that the Communists be expelled from the government and that the state be replaced by the trade union apparatus. Yet it is a problem that the ruling apparatchiks found such a program in the statements by Solidarity. It is unimportant now why this is so. The ruling apparatchiks sensed the wide- spread urge to dissolve the party committees in the factories, they were frightened by the specter of elections to the people’s councils, they

section in this chapter will introduce to the reader the idea of market socialism that tries to combine public ownership with market mechanism. Market socialism, which has been also called the ‘third way,’ introduced as a new ways of coordinating the economy through both market and administrative mechanisms.

The last section of this chapter will describe the status of free-market idea that embedded in neoliberalism doctrine in Poland prior to 1989. Another section is devoted to tracing the ideational roots of Leszek Balcerowicz Plan in 1989. In general, the major aim of this chapter is to investigate the emergence, evolution and decline of existing ideas in Poland before 1989. To this end, this chapter will conclude with a summary of the ideational changes in Poland prior to the 1989 ‘roundtable’ negotiations.

Intellectual life in Poland prior to 1945

Before delving into the emergence and decline of different ideas in Poland prior to 1989, it is essential to look at the development of academic life in Poland’s history. Since the time of partition, which lasted for 123 years, and during the two World Wars, 1914-1918, 1939-1945, Poland’s politics, economy and culture were subject to Great powers domination and influence, in which each part of divided Poland developed different political and economic institutional settings. In addition, partition had impacted the development of organic works, and, therefore, Polish economic and political thought was influenced by existing ideas in the international system.

In 1887, for the first time, lawyers and economists from the three parts of

had nightmares about a national referendum on the form of self-government, and they saw that drastic price hikes were due. Their answer to this was the coup of December, the last response they had.” Stan Persky and Henry Flam, *The Solidarity Source Book* (New Star Books: Vancouver, 1982), 296.

partitioned Poland (Russian, Austrian and Prussian) gathered and held their first congress in Cracow, which was “Poland’s capital until the 17th century.”⁴⁴⁷ In 1900, first publication of new economic journal, the *Ekonomista*, was distributed, a journal which has continued publishing until today and is now one of the major economic journals in Poland.⁴⁴⁸ During the time of partition “Polish society did not participate as an independent body in political and economic life”⁴⁴⁹ due to its loss of sovereignty and its territories divided between Austria, Prussia and Russia. As a result, “economists were dispossessed of the most important economic laboratory of monetary and fiscal policy.”⁴⁵⁰ Only in Austrian Empire, according to Tadeusz Kowalik, were Polish economists like Leon Biliński who became a Finance Minister and introduced what was called “Goldkernwahrung, was able to participate in Viennese administrative power.”⁴⁵¹ Lack of independency and sovereignty affected the development of all sciences. Not only the economy, but also political and sociological studies were underdeveloped at the time of Poland’s partition. In another words, Polish academic life, due to its deprived sovereignty, was impacted by the development and diffusion of different ideas developed in other parts of the world and impacted the advancement of national work.

When Poland regained its independence after World War I, only two universities

⁴⁴⁷ Marek Ratajczak, “Polish Economics and the Polish Economy: A study for the Twentieth Anniversary of Transition in Poland,” *The History of Economic Thought*, 51, no. 2 (2009): 2. For fuller and detailed historical background on the development of economic thought in Poland, return to the same source. See also, Michal Brzezinski, “Marshall in Poland.” Accessed online through: <http://coin.wne.uw.edu.pl/mbrzezinski/research/MarshallInPoland.pdf>

⁴⁴⁸ Ibid.

⁴⁴⁹ Ibid.

⁴⁵⁰ Tadeusz Kowalik, “Economics – Poland”, in Max Kaase, Vera Sparschuh (eds), Agnieszka Wenninger (co-editor), *Three Social Science Disciplines in Central and Eastern Europe: Handbook on Economics, Political Science and Sociology (1989-2001)*, pp: 135-151, (Berlin and Budapest: Social Science Information Center and Collegium Budapest, 2002): 136.

⁴⁵¹ Ibid.

existed, Jagiellonian University (one of the oldest University in Europe) in *Kraków* (JU) and *Lwów* (Lviv) University.⁴⁵² Economists advocated different versions of the historical school (*Kathedersozialisten*) to economics, which was dominant during that period of time.⁴⁵³ The importance of the school of the *Kathedersozialisten* gradually declined, while the Austrian and neoclassical economics remained.⁴⁵⁴

Poland's Second Republic inherited a heavy legacy from the period of partition and war. During partition time, each part had its own currency and different institutional system. Thus, the newborn country had fundamental problems in, 1) combining three different legal systems;⁴⁵⁵ 2) lack of independent currency;⁴⁵⁶ and 3) lack of central banking system,⁴⁵⁷ which later on was established by Władysław Grabski.⁴⁵⁸

Generally during the interwar years, "research areas of Polish economists reflected the main trends in world economics, and were related to the development of the neoclassical-Austrian- and mathematical schools of thought,"⁴⁵⁹ and also influenced by Marxism ideas at that time.⁴⁶⁰ In the 1930s, Poland was already exposed to a variety of economic models from Western countries. During that time, the Great Depression of the 1930s hit the international economic system, and affected Poland's economy. Thus, when the economic ideas of John Myriad Keynes- for solving economic hyperinflation and massive unemployment- were disseminated and implemented in the United States and

⁴⁵² Ibid.

⁴⁵³ Ibid. Historical school of economics emerged in the 19th century in Germany. Ibid.

⁴⁵⁴ Ibid.

⁴⁵⁵ Ratajczak 2009: 2.

⁴⁵⁶ Ibid.

⁴⁵⁷ Ibid.

⁴⁵⁸ "Poznań in 1929, hosted the General National Exhibition that represented the economic achievements of first decades of independent Poland." Ratajczak 2009:2.

⁴⁵⁹ Ratajczak 2009: 3.

⁴⁶⁰ Ibid.

Great Britain, they influenced the Polish government and led it to play a much larger role in the economy. At the same time, Poland already had academics, such as Oskar Lange and Michał Kalecki, who were trained and studied at the London School of Economics, and were thus exposed to different political economy ideas.⁴⁶¹ Oskar Lange, for example, was already writing and attempting to reconcile market mechanism with administrative mechanism. Lange was one of the prominent economists in Poland. In his writings, he attempted to advocate the use of ‘market pricing as a tool’ in the socialist system,⁴⁶² which regarded as the inception of the market socialism idea. He published in German and English and started to teach in American universities in 1937.⁴⁶³ He was also one of the key participants of the “rational calculation debate” with Hayek and von Mises. Michał Kalecki, another prominent economist, published a book entitled *Proba teorii koniunktury* (an attempt at a theory of the business cycle) that ‘anticipated’ “the Keynesian revolution,”⁴⁶⁴ according to Tadeusz Kowalik, but Kalecki died before developing those ideas further. Many of Kalecki writings popularized by Tadeusz Kowalik, who wrote many books and articles about the economic ideas of Kalecki, Lange, and Rosa Luxembourg. In addition, Kowalik himself – a leftist historian- also had advocated an alternative path to socialism, which “would avoid the conflict between capital and state in control-democratic control- of investment and growth.”⁴⁶⁵ In his last book, published in 2012, entitled *From Solidarity to Sellout: The Restoration of*

⁴⁶¹ Kowalik 2002: 136.

⁴⁶² See Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford: Stanford University Press, 2011) and Johanna Bockman, “The Long Road to 1989: Neoclassical Economics, Alternative Socialisms, and Advent of Neoliberalism,” *Radical History Review* 112, (2012).

⁴⁶³ Kowalik 2002: 136.

⁴⁶⁴ Ibid.

⁴⁶⁵ Gary A. Dymski, “Kalecki and Kowalik on the Dilemma of Crucial Reform.” In Jan Toporowski and Lukasz Mamica, *Michał Kalecki in the 21st Century*, pp157-181 (Palgrave Macmillan, 2015): 179.

Capitalism in Poland, Kowalik questioned Solidarność's turn to the free market and he fiercely criticized Solidarność for its decision to 'jump' to the market economy, and abandoning its core doctrine of self-governing through workers councils. This type of 'industrial democracy' was built on the idea of workers participation in decision-making of managerial administration.

A range of existing ideas that dominated the international system has always affected Polish economic and political thought. The main trends in the world, such as neoclassical, Austrian and mathematical schools, and Marxism had impacted Polish economic thought and influence decision-makers. Similarly, political thinking and writings in Poland were a reflection of trends dominating in Europe, as cleverly depicted by Stanisław Gebethner and Radosław Markowski who wrote:

Modern political and social philosophy emerged in Poland at the end of the 18th and the beginning of the 19th century. Polish thinkers contributed treaties inspired by Enlightenment ideas and attempted to save the weakening Polish state. In the 19th century, after independent Poland collapsed and was partitioned, political philosophy did not, however, vanish. Polish political philosophy reflected broad intellectual trends emerging at that time in Europe, like romanticism, positivism (e.g. the Spencerian brand of evolutionary theory), and Marxism. Throughout the period of Poland's partition (1795-1918), all Polish socio-political currents reflected the Polish intelligentsia's great concern to keep Polish culture alive, to help peasants and workers become citizens of the nation, and to modernize the economy of the country. The ultimate goal, however, remained the restitution of an independent state. That is why the military or quasi-military issues and the reconstitution of the state dominated the political agenda. Nonetheless, several genuine socio-political ideas from thinkers like Abramowski, Brzozowski, Krzywicki, and Petrażycki have been widely praised and their work fruitfully debated.⁴⁶⁶

After the emergence of an independent Poland after World War II, the Soviet

⁴⁶⁶ Stanisław Gebethner and Radosław Markowski, in: Max Kaase, Vera Sparschuh (eds), Agnieszka Wenninger (co-editor), *Three Social Science Disciplines in Central and Eastern Europe: Handbook on Economics, Political Science and Sociology (1989-2001)*, pp: 306-321. (Berlin and Budapest: Social Science Information Center and Collegium Budapest, 2002): 306.

Union was able to control East Central European countries with its dominant ideology. It is not accurate to say that socialism was imposed by an external power *only* because, for an idea to be adopted and to be translated into a reality, it has to have advocates who are able to implement their ideas from above. In another words, major actors in a powerful position had the opportunity to implement their ideas and vision of changes when opportunity emerges. This was the case in Poland, where socialist and communist parties were already formed, although they were still a minority. However, as mentioned earlier, Poland was devastated economically, demographically, and geographically by the war. Soviet victory in Poland incentivized socialist parties to take over the political power. After the establishment of a Soviet style political and economic model in Poland, all anti-communist movements were suppressed and different ideas disappeared. A new authoritarian system emerged with a monopoly of all aspects of social and economic life, deviated from Poland tradition of multi-party and capitalist system. With the merger of the two Polish Socialist parties into a single one- PZPR, the process of Sovietization completed and the political and economic structure changes for years to come. The period of collectivization and socialization had started in the late 1940s. Economic deterioration and political repression had provoked several protests and strikes during the Stalinization period, which ended in 1956. After the October Revolution, as termed by historians, Władysław Gomułka came to power with new idea of a particular ‘Polish road of socialism.’ This period witnessed an increase in political liberalization, opening up to Western Europe, and the rise of the revisionist movement. Stanisław Gebethner and Radosław Markowski depicted this period in

Poland's history in the following words:

After the 1956 events (October Thaw), Polish cultural and academic life witnessed a substantial change: a kind of controlled liberalization of intellectual life, though with some recurrence of tough orthodox politics, became the norm. Contacts and exchange between Polish and Western scholars were reestablished; many Polish scholars benefited from the fellowship programs of Western universities and other institutions. No doubt it was the first step toward the development of modern social sciences, and political sciences in particular. In 1956, a completely new society was founded, the Polish Association of Political Science.⁴⁶⁷

Thus, as mentioned earlier, Poland's position in Central Europe, exposed her to different ideas in the world, and she was also influenced by different civilizations and cultures. The pervious chapter gave the reader an in-depth analysis of Poland political, economic, and social developments throughout history. This chapter will focus only on the major actors and their ideas; and on critical events that shaped and impacted those ideas. Prior to the arrival of socialism in Poland, the country experienced a period of *lassize-faire* and a democratic system that did not last for long. However, that period of Polish history came back into the people's memory and policy-makers during the transition period of 1989, when many argued that Poland's transition to democracy and capitalist-market economy was a natural tendency rooted in its inherited past with a multi-party system and capitalist model.⁴⁶⁸

⁴⁶⁷ Gebethner and Markowski 2002: 307.

⁴⁶⁸ For general overview of Poland social science, economy, political science and sociology, see, Max Kaase, Vera Sparschuh (eds), Agnieszka Wenninger (co-editor), *Three Social Science Disciplines in Central and Eeastern Europe: Handbook on Economics, Political Science and Sociology (1989-2001)*, (Berlin and Budapest: Social Science Information Center and Collegium Budapest, 2002).

The rise of Socialist idea in Eastern Europe

The idea of socialism emerged during the 1820s, where it has its “roots in the eighteenth century Enlightenment’s ideals of equality and co-operation.”⁴⁶⁹ According to Phillip J. Bryson, the term ‘socialist’ used in the *Co-operative Magazine* and appeared again in French periodical, *Le Globe*.⁴⁷⁰ For Karl Marx, socialism that existed prior to his idea was a ‘utopian’ one, while his vision of socialism termed as being a ‘scientific’ because it build on his idea of historical materialist development, as evolutionary theory of human behavior. As a concept, socialism was rooted on the idea of “corporate planning in the context of common ownership of the means of production.”⁴⁷¹ Public ownership is the cornerstone for socialism.

Most of Karl Marx writings built on his critics to capitalism, and directed to its ‘exploitation’ of workers by capitalists. Class struggle was one of his main arguments against capitalist system. Thus, he predicted that socialist revolution will emerge in the most developed capitalist countries which did not occur,⁴⁷² were “the accumulation of capital is accompanied by the increasing poverty of the exploited class,”⁴⁷³ the process then “leads inevitably to a revolution: the power of the capitalists is overthrown and ‘the expropriators expropriated.’”⁴⁷⁴ The logic behind

⁴⁶⁹ Dimitris Milonakis, “New market socialism: a case for rejuvenation or inspired alchemy?,” *Cambridge Journal of Economics* 27 (2003): 97.

⁴⁷⁰ Phillip J. Bryson, *Socialism: Origins, Expansion, Decline, and the Attempted Revival* (Xlibris, 2015), 93.

⁴⁷¹ Milonakis 2003: 97.

⁴⁷² Marx predicted that socialist revolution would occur in England at that time because it was the most developed capitalist country at that time.

⁴⁷³ János Kornai, *The Socialist System: The Political Economy of Communism* (Princeton University Press, 1992), 18.

⁴⁷⁴ Ibid.

the need for public ownership was that private ownership of the means of production is the 'evil.' They believe that exploitation stemmed from private ownership of means of production, which leads to social injustice and inequality and eventually leads to class struggle.⁴⁷⁵

There were four stages, were most socialist system had gone/passed through, according to János Kornai, 1) revolution (transition period); 2) classical socialist system; 3) reform system; and 4) post-socialist system.⁴⁷⁶ It is important to note that the process of change will never stop. It will be naïve to say that what happened in Poland and other Eastern European countries is an end of socialist ideas in 1989-1990, since recent events questioned the durability of market capitalism; and led to a revived discussion of market-socialism as a middle ground between socialism and capitalism. What ended in 1989 was state socialism, not the socialist ideas itself. However, the collapse of state socialism is an evident of the decline and weakness of socialist ideas and system. As stated before, ideas emerge, evolve and decline during the time of crisis and high uncertainty. Thus, when socialist idea declined, different ideas emerged in an attempt to replace it. Communist parties in Eastern Europe came to dominate the political and economic spheres in East Central Europe, according to Joseph Rothschild and Nancy M. Wingfield, because:

The Communist, though, could capitalize on the pervasive discontent with poverty and oppression, the peasants' resentful alienation from the bureaucratic state apparatus, and the related failure of the peasant parties and leaders. Their appeals to social justice and revolution, while eliciting no immediate response, sustained an awareness of the Communists as representing a political alternative. Under Nazi occupation in World War II, the Communist finally enjoyed the advantage of long experience at underground organization, survival, and action.

⁴⁷⁵ Ljubo Sirc, "Socialism and Ownership." In *The Socialist Idea: A reappraisal*, edited by Leszek Kolakowski and Stuart Hampshire, pp: 170-183, (London: Weidenfeld and Nicolson, 1974), 170.

⁴⁷⁶ Kornai 1992: 19-20.

They were also able to capitalize on the fact that fear of Communism propelled many other local political actors, including even some original resistance movements, into compromising themselves by collaborating with the Axis occupier. Ultimately, however, the Communists' conquest of political power in East Central Europe at the close of World War II was determined less by local factors than by the decisive intervention of the Soviet Union.⁴⁷⁷

As the above quote showed, the rise of Communism in Eastern Europe came at the time of crisis. World War II had facilitated the entrance of socialist idea into political and economic spheres. Both internal factors and international factors, such as Soviet intervention and support for socialist parties, contributed to socialist dominance in Poland and elsewhere in East Central Europe. With support from the Soviet Union, actors advocating socialist ideas occupied a powerful position that enabled them to embark and implement their ideas and vision of the political and economic system.

Economy in Eastern Europe had suffered from an inefficiency and shortage in consumer goods. This chronic economic ill, were intensified during 1970s onwards, and ended by drastic institutional changes, when free-market idea came as a viable and only option for change. By the end of World War II, many Eastern European nations converted to socialism-⁴⁷⁸ which monopolize the political, social and economic life of the society. According to János Kornai, “although it would be a gross exaggeration to state that socialism was simply ‘exported’ to the other socialist

⁴⁷⁷ Joseph Rothschild and Nancy M. Wingfield, *Return to Diversity: A Political History of East Central Europe Since World War II* (Oxford and London: Oxford University Press, 2000), 15.

⁴⁷⁸ ‘Communism stage’ was never achieved were the society will become classless and stateless. Thus, many scholars refer to the economic and political system in Eastern Europe as a socialist system instead of being a communist system.

countries, it is certainly true to say in the majority of cases that it resulted from combinations of internal forces and external support in varying proportions.”⁴⁷⁹

In the economic sphere, socialist planned economy coordinated the economy through administrative mechanism instead of market mechanisms. Thus, many of the shortcomings of this system stem from the very fact that price are fixed, and not depend on supply and demand calculations. One of the most comprehensive book, discussed the nature of the socialist system in Eastern Europe; its basic ideology, and its shortcomings, written by a Hungarian economist, János Kornai, is *The Socialist System: The Political Economy of Communism*. It is worth noting here that, Kornai was once a fierce advocate of market socialism. However, in 1989 and with the commence of the ‘roundtable’ talks in Hungary and other parts of Eastern European countries, he argued that the only solution for failed socialist system, is not the market socialism, but in Western advanced capitalist system that offered a model for a successful and efficient economy.

The rise of socialism in Eastern Europe and in other parts of the world, was a result of the ideals associated with the socialism, including the ‘social justice’ and ‘equality.’ One cannot deny the moral and ‘utopian’ goals of socialism, however, history showed that utopian aspiration did not translate into realistic goals in reality. Take for example the rise of socialism in the Middle East. Socialist idea spread, not only in Eastern Europe, but it reached the Middle East and Latin America. During the 1950 and 60s, many Arab countries adopted socialist idea in different degree, like Egypt, South Yemen and even Tunisia experienced socialism for few years and then transit to market economy. So socialist idea diffused, like other ideas, as an

⁴⁷⁹ Kornai1992: 22.

alternative to an existing idea and as a way out of crisis and then replaced when it failed to offer a solution out of the crisis, as what happened in many countries. The problem with socialism can be attributed to the application of it. In Poland and other Eastern European countries, destruction of the economy, political instability, and the rise of high uncertainty, created an opportunity for socialists to seize the power and convert their countries into a Soviet model. Thus, as the argument of this study showed, ideas emerged at the time of uncertainty, finds its way when it adopted by powerful actors in the decision-making circles, and lead to an institutional change as an implementation of those ideas. In addition, ideas decline and collapse when it fails to offer solution to the existing problem of the system. Thus, during crisis alternative idea emerges to replace the old one, and if those ideas find support from powerful actors in the new situation, it will be implement and consolidate. One can say that ideas have a life cycle, it emerge, evolve, decline and replace by a new one. Important to note here, that time is an important factor that determines the usefulness of any idea.

Socialist ideology was different from country to country.⁴⁸⁰ But in general they share many attributes. According to Kornai, socialism characterized itself as superior to capitalism because, 1) socialism eliminate anarchy that created by market in capitalism, and thus planning will avoid “crises of overproduction and the incalculable losses they involve;”⁴⁸¹ 2) socialism free workers form exploitation, the idea of class struggle over the means of production will eliminate exploitation of working class; 3) “socialism’s sense of superiority ties in with a conviction that

⁴⁸⁰ Kornai 1992: 51.

⁴⁸¹ Ibid.

capitalism has passed the stage at which it contributes to the progress of society and already exhibits many signs of decay.”⁴⁸² In addition, socialism superiority stemmed from its “moral ascendancy” over capitalism, in which it assumed an equality and social justice to all people.⁴⁸³ This ‘paternalistic’ view found resonance in Eastern Europe after two devastating World Wars. As a reaction to the shortcomings of capitalism, socialist idea came as an alternative during this specific period of time.⁴⁸⁴

Thomas E. Weisskopf had summarized the main goals of socialism as the followings. First, the idea of equity: socialism main goal is an equal and egalitarian distribution of economic “outcomes and opportunities by class, race, gender, region, etc.”⁴⁸⁵ Secondly, the concept of democracy: people under socialist system have control over their economic fate, contrary to liberal democracy in capitalist which give people right on political sphere only.⁴⁸⁶ Thirdly, solidarity: socialism promotes collectivity and solidarity among people through “encouraging people to develop the sense and the reality of themselves as social rather than simply individual beings,”⁴⁸⁷ contrary to capitalism that promote individualistic behavior. Fourth, efficiency: in

⁴⁸² Ibid.

⁴⁸³ Ibid., 52.

⁴⁸⁴ Thomas E. Weisskopf noted that socialism build its socialist ideals in reaction to capitalism, he stated that three main problems associated with capitalism were, 1) “that capitalism leads to a highly unequal distribution of income, wealth and power, socialists call for greater equality in the distribution of material welfare- both as an end in itself and as a means of promoting more equal participation in democratic politics;” 2) “capitalism limits opportunities for self-governance in economic affairs, socialists call for more democracy not only in the political arena but also via the extension of democratic principles from the political to the economic sphere;” 3) “capitalism divides people from one another both in residential neighborhoods and at the workplace, socialists call for greater community- the opportunity to belong to, and to participate on an equal basis in, stable associations of people with common interests and a shared identity.” Underline added by the author. Thomas E. Weisskopf, “A Democratic-Enterprise-Based Market Socialism,” in *Market Socialism: The Current Debate*, Pranab Bardhan and John Roemer, eds, pp.120-141, (Oxford University Press, 1993): 120-121.

⁴⁸⁵ Thomas E. Weisskopf, “Toward A Socialism for the future, In the Wake of the Demise of the Socialism of the Past,” (University of Michigan, October 1991): 1. Accessed online (<https://deepblue.lib.umich.edu/bitstream/handle/2027.42/51230/464.pdf?sequence=1>)

⁴⁸⁶ Ibid.

⁴⁸⁷ Ibid.

socialism resource was supposed to be used efficiently.⁴⁸⁸ Communist-Party-directed socialism, as termed by Weisskopf, that existed in the Soviet Union, Eastern Europe, China, Cuba, Vietnam and North Korea, did not represent a real socialism, but an ‘existing socialism.’⁴⁸⁹

Socialism ensured full employment for workers, stable prices, absence of business cycles- contrary to capitalism- and free health and education for all people.⁴⁹⁰ There were major shortcomings to full employment in socialism. According to Bronislaw Oyrzanowski and Magda Paleczny-Zapp, “workers with guaranteed employment often did not appreciate the importance of performing their jobs well. The full utilization of resources caused the system to be inelastic to changes in demand. There was a lack of real incentives to create and apply technical progress.”⁴⁹¹ These are just a few of the shortcomings of the socialist system. The following section will show how the socialist idea emerged in Poland prior to its independence, and how it declined over time since it consolidated its power in 1945.

The emergence of Socialist idea in Poland

Socialist ideas were developed by a group of students in Russian dominated part of partitioned Poland, where socialist ideas of the Russian revolutionary movement

⁴⁸⁸ Ibid., 2.

⁴⁸⁹ As many leftist scholars and activists argued, real socialism based on the four elements (equality, democracy, solidarity and efficiency), enumerated by Weisskopf, did not exist in Eastern Europe. For them socialism in Eastern Europe was a distorted version of the ‘true socialism.’

⁴⁹⁰ Bronislaw Oyrzanowski and Magda Paleczny-Zapp, “From One Economic Ideology to Another: Poland's Transition from Socialism to Capitalism,” *International Journal of Politics, Culture, and Society* 7, no.1 (1993): 44.

⁴⁹¹ Ibid.

were disseminated and influenced the evolution of the first Polish socialists.⁴⁹² The first known Polish Socialist Revolutionary Party was the ‘Proletariat’ headed by Ludwik Waryński who lived and died defending socialist ideas. It was Ludwik Waryński “who gave it an ideology and organizational form.”⁴⁹³ The first Polish socialist movement emerged in the territories occupied by the Russian empire where Marxist ideas gained ascendancy. Like many socialist movements, the Polish Proletariat’s core ideas were built on Marxist theories of historical materialism that build on the idea of class struggle, and on the notion of capitalist exploitation of workers. Thus, for them [Polish Socialists] social revolution was the ultimate goal for the victory of socialist ideas.

Universities were the central place for the creation and dissemination of socialist ideas, and other ideas in general. Keeping this in mind, the emergence of Polish socialist movements came from the floor of the Russian universities, and that “the leadership of the Socialist Revolutionary Party ‘Proletariat’ consisted of overwhelmingly of former students of the Russian Universities.”⁴⁹⁴ The Russian revolutionary movement had a major influence on Polish socialist movements, as stated before, thus, “it is no surprise to find that many ideas which matured among Russian revolutionaries were taken up by at least a part of Polish socialism.”⁴⁹⁵

⁴⁹² Lucjan Blit, *The Origins of Polish Socialism: The History and Ideas of the First Polish Socialist Party 1878-1886* (Cambridge: Cambridge University Press, 1971), 18.

⁴⁹³ Ibid., 20. Ludwik Warynski as stated by Blit, “had the analytical brain, the consistency of thought, the pioneering energy and the passion of the born agitator needed for this task (to lead Warsaw socialist ‘circles’). His faith in the new ideas then spreading over Europe, his romantic belief in his duty to lead and to serve, and his youth- he was then only 21 years old- made him impervious to the certain fate that awaited him. He became the leader of the first generation of Polish socialists.” Ibid., 25.

⁴⁹⁴ Ibid., 18.

⁴⁹⁵ Ibid.

With the emergence of socialist ideas in Europe, students were the first adopters to these ideas. Some of the advocates of socialism, in the Russian part of partitioned Poland, disregarded the nationalist aspirations of an independent Poland and fought for socialism in Russia as part of the international socialist revolutionary movement, rather than patriotism.⁴⁹⁶ The first groups of socialists were in loose coalitions and lacked a unified organization.⁴⁹⁷ The ‘circles’ or Warsaw socialist groups, as they have been called, were the first group-adopted socialists ideas. Ludwik Waryński was selected to be their first leader because of “his faith in the new ideas then spreading over Europe, his romantic belief in his duty to lead and to serve.”⁴⁹⁸ A full description of the rise of the socialist movement in Poland, has been well documented by the Polish historian A. Prochnik, who wrote about the rise of socialist ideas among young Polish people. Prochnik said that:

Among the Polish youth (in the Russian Universities) in this epoch a socialist community springs up. Two roads, two possibilities are open to them. Some consider it to be their aim and duty directly to participate in the Russian socialist movement. The spokesman of this group is Ignacy Hryniewiecki, a student of the Technological Institute (situated in St Petersburg, this institute became a centre of Russian Marxism). Others take the position that their task is to return home and there to lay the foundations of socialism among the Polish toiling masses. Naturally this deviation is not strict. There will be those who will simultaneously find themselves in the Russian and Polish movements, as for example, Stanislaw Kunicki. But this also corresponds to the evolutionary tendencies of the organizational life. At first the socialism of Polish youth finds expression by joining Russian organizations, afterward it takes the form of founding separate organizations of Polish socialist youth.⁴⁹⁹

As the above quote demonstrates, socialist ideas were flourishing among young

⁴⁹⁶ Lucjan Blit, *The Origins of Polish Socialism: The History and Ideas of the First Polish Socialist Party 1878-1886* (Cambridge: Cambridge University Press, 1971)

⁴⁹⁷ Ibid., 24.

⁴⁹⁸ Ibid., 25.

⁴⁹⁹ A. Prochnik, *Studia z dziejow polskiego ruchu robotniczego*, pp. 51-2. Quoted in Lucjan Blit, *The Origins of Polish Socialism: The History and Ideas of the First Polish Socialist Party 1878-1886*, (Cambridge University Press, 1971), 17.

Polish people. Two groups of young socialists emerged during Poland's partition. The first group sought to join the Russian international revolutionary movement and therefore like Ignacy Hryniewiecki joined the Russian Socialist group. The second group of young Polish socialist, wanted to create their national variant of socialism, and thus formed their own Polish organization.⁵⁰⁰ This split reminds us of the division within Communist group in Poland after World War II, in which Communist Party advocated for direct imitation of the Soviet model, championed by Bolesław Bierut and who won the battle of domination at the end. The other group, championed by Władysław Gomułka, advocated the idea of Polish road to socialism.

The first Social Revolutionary Party 'Proletariat,' (*Międzynarodowa Socjalno-Rewolucyjna Partia*) formed in 1882, which was formed illegally but helped propagate socialist ideas. Lucjan Blit, a Polish historian who traced the origins of Polish socialism, stated that the:

Proletariat was the first popular movement in modern Polish history to look realistically for forces which could bring liberty to their society, and to state that this was possible only in alliance with similar movements among neighboring and subjugating nations. The first Polish socialists overestimated the actual strength of the contemporary revolutionary movements.⁵⁰¹

Socialist ideas flourished among Polish students who studied in Russian universities in clandestine circles. The Program of Polish Socialists, published in Warsaw in 1878, was 'vague' but constituted a "step on the way to the creation, four years later, of the international Social Revolutionary Party 'Proletariat', with a more define programme."⁵⁰²

⁵⁰⁰ Blit 1971:17.

⁵⁰¹ Ibid.,145.

⁵⁰² Ibid., 28.

It is important to note here that the ‘Proletariat’ group published their program four years earlier before its creation in 1882, in the Polish Socialist periodical *Równość*,⁵⁰³ which clarified their vision for socialism in Polish society. The Program reads: “we have come to the conclusion that the triumph of socialist principles is a necessary condition for the successful future of Polish nation, that active participation in the struggle against the established social system is the duty of every Pole who values the fate of millions of the Polish people above the interest of the gentry-capitalist section of our nation.”⁵⁰⁴ The Polish Socialist Program aimed at revolutionizing social relations in Polish society, between capital and workers, in which the working class would acquire the means of production from the hands of capitalist who exploited them for their work.⁵⁰⁵ Proletariat first published Program⁵⁰⁶ merits a short review. The first published ‘Proletariat’ Program included eight objectives/goals of the party to be pursued by the Party, as documented by Lucjan Blit. It also described measures for the attainment of socialist goals. The first objective was that: “society should assure to every individual a ‘many-sided development of his natural faculties.’”⁵⁰⁷ The second dealt with the idea of class struggle and the need to eliminate private ownership for the means of production and transfer it into common

⁵⁰³ Ibid. The first statement in their Program, which reflect their ideas and vision for the society, reads: “In every society all social, economic and political institutions are the results of the common, age-old endeavors of all members of society, without exception, and ought therefore to serve everybody’s benefit. But because of the fact that an insignificant minority of society now possesses the means of production, i.e. capital, only they reap the exclusive advantages of these institutions.” Ibid.,29.

⁵⁰⁴ Ibid., 29.

⁵⁰⁵ Ibid.

⁵⁰⁶ Blit noted that “the first Program’s formulation on ‘association of labour’ and international ‘federation’ bore witness to the influence which Bakunist and Proudhonist ideas exerted on the early Polish socialists. But all the other formulations in the Programme were of unmistakable Marxist origin. The materialistic explanation of historical development, the stressing of the monopolistic role of the class, and of class struggle, in determining the social content of human evolution was patently of Marxist origin.” Ibid.,31.

⁵⁰⁷ Ibid.,30.

ownership.⁵⁰⁸ The third objective demanded that the benefits be shared collectively by the society.⁵⁰⁹ Thus, the ‘Proletariat’ Program stated that “everyone has to share the benefits accruing from collective labour, a right which the toilers will significantly determine in the future.”⁵¹⁰ The fourth objective demanded a “complete social equality of all citizens irrespective of sex, race or nationality.”⁵¹¹ The fifth was concerned with the need for social revolution to attain these goals. Workers would lead this social revolution against capitalists who control the means of production. This social revolution “must be universal and international.”⁵¹² The sixth objective concerned with the need for “federal associations with socialist of all countries.”⁵¹³ The seventh looked at the mechanism through which socialists goals will be acquired; it stated that “implementation of these principles can be achieved only by the people under the moral leadership of a popular organization, conscious of [the people’s] rights and interests.”⁵¹⁴ Finally, the Program stated that: “the basis of our activities is the moral consonance of the means of employed with the established goals.”⁵¹⁵ The Program clearly built on the Marxism idea of class struggle and the need for a revolution by workers who will develop their own consciousness and then revolt against exploitation. Transition from the capitalist system to socialism would happen through social revolution by workers who would build their

⁵⁰⁸ Ibid. For an excellent overview of Poland first socialist party, see Lucjan Blit, *The Origins of Polish Socialism: The History and Ideas of the First Polish Socialist Party 1878-1886* (Cambridge: Cambridge University Press, 1971). Blit traced the development of socialist ideas in Poland during the partition period. He divided his book accordingly to explain the rise and fall of the first socialist party in Poland, the ‘Proletariat.’ The reader will be advise to look at this book because it gives an in-depth analysis of this movement, their Program. It also helps researchers to construct historically the origins of socialist ideas of Poland since the time of partition and trace them over time with the consolidation of communism after World War II.

⁵⁰⁹ Ibid., 30.

⁵¹⁰ Ibid.

⁵¹¹ Ibid.

⁵¹² Ibid.

⁵¹³ Ibid.

⁵¹⁴ Ibid.

⁵¹⁵ Ibid.

‘dictatorship of proletarian.’ The Program that was published four year before the creation of the ‘Proletariat,’ according to Lucjan Blit, was weak and incomprehensive. He pointed out to the major shortcomings of this first primarily Program before Proletariat’s formation in 1882. First, it lacked a discussion about political and economic demands.⁵¹⁶ Second there was “complete ignorance of political power as an element which should play a part in the ‘established social system.’”⁵¹⁷ The Program did not mention and clarify the role of the state after the socialist revolution, nor did it mention the fate of Poland as a nation. It is important to note here that ‘Proletariat’ was an anti-nationalism and anti-patriotic movement; this can be seen from its Party name, the ‘International Social Revolutionary Party.’ Therefore, ‘Proletariat’ opposed nationalistic movements in favours of higher international revolutionary aims to unite workers around the world. Waryński himself “rejected the very idea of national struggle,”⁵¹⁸ and believed in the universal emancipation of proletarians in the world, regardless of nationality, gender and religion.⁵¹⁹ It is noteworthy that, the party did not publically criticize the Catholic Church in Poland⁵²⁰ because, for Poles, “the Catholic Church was an organic national institution.”⁵²¹

When the first Polish Socialist Party ‘Proletariat’ formed in 1882, it started its activities that, although illegal, included publication of its program entitled the ‘Manifesto of Workers,’ and leaflets.⁵²² By 1883, Proletariat had printed its first

⁵¹⁶ Ibid.

⁵¹⁷ Ibid., 31.

⁵¹⁸ Ibid., 44.

⁵¹⁹ Ibid.

⁵²⁰ Ibid., 100.

⁵²¹ Lawrence Weschler, *Solidarity: Poland in the Season of its Passion* (Fireside book: Simon and Schuster, 1982), 20.

⁵²² Blit 1971: 104.

publication of the Party underground periodical *Proletariat*.⁵²³ Going back to the Party ‘Manifesto of Workers,’ it was aimed to be an official declaration of the first Polish Socialist Party that included its major goals and methods in achieving those goals. The Manifesto was divided into six sections/chapters.⁵²⁴ The first part dealt with the causes of misery and repression in the society because of exploitation of working class, and that “only lately had the class conscious proletariat started a ‘mass struggle demanding complete economic, political and moral liberation.’”⁵²⁵ The second part described the Polish social system, where exploitation and poverty prevailed⁵²⁶ and, as a result, “Poland must first and foremost ‘free itself...from the hostile class interest of the privileged classes, governments, and national traditions.’”⁵²⁷ The Party described itself as a party for all working classes despite their nationalities. Therefore, The third chapter stated that Polish proletariat face the same exploitation like other countries and that the “interests of the exploited cannot be reconciled with the interests of exploiters,”⁵²⁸ thus, “the Polish proletariat ... is one ...with all exploited no matter of which nationality.”⁵²⁹ The fourth chapter looked at the organization and the goals of the Party and was divided into three parts, 1) their economic vision; 2) political issues; and 3) concerned with the moral life of the Polish Proletariat.⁵³⁰ Fifth chapter dealt with the Party tactics in achieving its goals. This chapter was divided into means in achieving Party economic, political and moral aims. In the economic sphere, the party would “(1) ‘incite the workers against all forms of exploitation;(2) organize combinations (strikes) and secret workers associations; (3)

⁵²³ Ibid.

⁵²⁴ Ibid., 58-63.

⁵²⁵ Ibid., 58.

⁵²⁶ Ibid.

⁵²⁷ Ibid., 59.

⁵²⁸ Ibid.

⁵²⁹ Ibid.

⁵³⁰ Ibid.

terrorise capitalists and their servants for their inhuman treatment of the workers...(4) to found, as far as possible, associations consisting of workers only.”⁵³¹

The Proletariat economic program was built on the following premises, according to Lucjan Blit. First, “the land and the means of production should pass from individuals to become the common good of the workers, the property of the socialist state.”⁵³² Second, “hired labour should change into collective labour, organized on factory, artisan and agrarian associations.”⁵³³ The third aim was that, “every individual should have the right to benefit from the fruits of collective labour.”⁵³⁴ Economic agenda for the Party was build on the idea of class struggle between proletariats (exploited) and capitalist (exploiter), that will lead to social revolution, in which the structure of ownership will dismantle and replaced with social ownership of means of production. On the political sphere, the ‘Proletariat’ Party political agenda was based on several premises which is summarized in the following statement:

(1)the self-government of political groups [in all probability they meant autonomy for the different nations inside Russia]; (2) everybody’s participation in law-making; (3) election of civil servants; (4) full freedom of speech, press, assemblies, associations, etc., etc.; (5) full equality for women; (6) full equality of religious and nationalities; (7) international solidarity as the guarantee of universal freedom.⁵³⁵

The Proletariat political agenda, as shown above, emphasized the idea of freedom, and fighting despotism.⁵³⁶ The means in which the Party described to achieves its political goals were: 1) opposing and resisting government orders; 2) inciting people not

⁵³¹ Ibid., 61-62.

⁵³² Ibid., 59..

⁵³³ Ibid.

⁵³⁴ Ibid.

⁵³⁵ Ibid., 60.

⁵³⁶ Ibid., 62.

to pay taxes; 3) “participate in ‘anti-government’ demonstration;”⁵³⁷ 4) supporting others who fight the “despotic Russian government, considering them to be ‘comrades in arms;”⁵³⁸ 5) resist government interference between workers and factory owners; 6) punishing traitors.⁵³⁹ Finally, moral agenda of the Party was based on an emphasis on education-which suppose to be obligatory and free and the means to achieve its moral agenda were through:⁵⁴⁰ 1) “the removal of prejudices;”⁵⁴¹ 2) “the lifting of moral standards of the workers and the reawakening of their human dignity;”⁵⁴² “the production of literature,”⁵⁴³ to allow people to see the truth. The final chapter, the sixth, was brief and dealt with the idea of unity and centralization around Worker’s Committee.⁵⁴⁴

Proletariat survived for less than four years from 1882 to 1886. The leaders of ‘Proletariat’ rejected Polish patriotism and “refused to take part in the struggle for an independent states.”⁵⁴⁵ However, Proletariat had:

begun the movement which made it possible for a new national leadership, consisting of workers and a liberal-minded intelligentsia, to emerge. It was this alliance which formed the backbone of the movement for independence and social progress at the beginning of this century, and prepared the Poles for the rebirth of their country in the autumn of 1918.⁵⁴⁶

The first Polish Socialist Party was confronted by Tsarist regime, which felt threatened by the rise of socialist ideas among Poles, and, therefore, used severe repression to crush them. Most of the members of the Polish Socialist Party ‘Proletariat’

⁵³⁷ Ibid.

⁵³⁸ Ibid.

⁵³⁹ Ibid.

⁵⁴⁰ Ibid.

⁵⁴¹ Ibid.

⁵⁴² Ibid.

⁵⁴³ Ibid.

⁵⁴⁴ Ibid.

⁵⁴⁵ Ibid., 144.

⁵⁴⁶ Ibid., 145.

were murdered or exiled. Ludwik Waryński was arrested by secret police and sentenced to 16 years hard labour in prison. He died at the age of 33 in prison, in February 1889.⁵⁴⁷

The roots of this first socialist movement and its impact did not die when the Party collapsed.⁵⁴⁸ Most members of the Polish Socialist 'Proletariat' were young and died while trying to promote their ideas of class struggle.⁵⁴⁹ Thus, Polish socialists promoted the need for 'social revolution' against capitalist 'exploiters.' Since then Socialist groups handled their activities clandestinely.⁵⁵⁰ The Polish first Socialist Party had opened a new chapter in Polish history; it led to the creation of different movements in Poland. After the crash of 'Proletariat,' two socialist parties emerged, 1) nationally minded, patriotic PPS (Polish Socialist Party); and 2) the orthodox Marxist SDKPiL (Social Democratic Party of the Kingdom of Poland and Lithuanian).⁵⁵¹

The Bolshevik Revolution of 1917, driven by socialist revolutionary ideas, gave socialist ideas a hegemonic status in the international system. In 1918, revolution in Russia and breakdown of monarchies in Austria-Hungary and Germany, led Poland to regain its independence after 123 years of partition and lack of sovereignty. The Second Polish Republic emerged again, but this time, it enjoyed short period of prosperity but increasingly political instability. During the interwar period Poland created its multiparty system. After the German occupation, an underground state created with 'secret parliament' in 1939, with four parties, the Polish Socialist Party (PPS); National

⁵⁴⁷ Ibid., 141.

⁵⁴⁸ Ibid., 30.

⁵⁴⁹ Ibid.

⁵⁵⁰ Ibid.

⁵⁵¹ Ibid., 144.

Democratic Party (SN); Peasant Party (SL); and Labor Party (SP).⁵⁵² At this stage, socialist parties were still a minority.⁵⁵³ These four parties played an important role during the German invasion of Poland. Another development here was the creation of ‘the home army’ to fight for Poland’s independence with guidance and directions from the government in exile. In January 1942, a new party, *Polska Partia Robotnicza* (the Polish Workers Party -PPR) was formed. PPR was formed during crisis years as an underground movement. This Communist pro-Soviet party gained more influence due to the ‘personal leadership’ of people, like Władysław Gomułka.⁵⁵⁴ During that time, PPR established its own fighting organization, the *Gwardia Ludowa* (the People’s Guard) in early 1942⁵⁵⁵ (the history of the establishment of socialism in Poland discussed in previous chapter). Within PPR, two groups had emerged. The first was a pro-Soviet group headed by Bolesław Bierut. The second group was called ‘native communist’ and was headed by Władysław Gomułka, as mentioned before.⁵⁵⁶

When Soviet troops liberated Poland from Nazi Germany, Socialists and communist groups were already on the rise in Poland and other parts of Eastern Europe. Note here that socialism, like any new idea, emerged/ arose at a time of crisis and high uncertainty, argued Mark Blyth,⁵⁵⁷ which gave a ‘window of opportunity’ for socialist ideas to enter into the political, economic and social life in Poland. In his first hypothesis, Mark Blyth argued that “in the period of economic crisis, ideas (not institutions) reduce

⁵⁵² Tadeusz N. Cieplak, *Poland Since 1956: Readings and Essays on Polish Government and Politics Selected and Edited* (TWAYNE Publishers, INC: New York, 1972), 45.

⁵⁵³ Hans Roos 1966: 175.

⁵⁵⁴ *Ibid.*, 193.

⁵⁵⁵ *Ibid.*

⁵⁵⁶ *Ibid.*

⁵⁵⁷ Mark Blyth wrote extensively about the role of ideas in institutional changes, discussed some of his works in chapter two.

uncertainty,”⁵⁵⁸ and that in the moments of the economic crisis, “agents on the ground had some ideas as to what the cause of these crisis were,”⁵⁵⁹ because in an uncertain moment, “conditions hardly demanded an obvious response.”⁵⁶⁰ Thus, during the war, Poland was a battlefield for different ideas. During this time, conditions were propitious for socialist ideas to penetrate the intellectual and political life of the occupied society. As mentioned above, Communist Party was weak when it was first established. Over time, the new socialist party gained more power internally (by organizing its own guard) and externally with Soviet Union support. By 1944, a new government formed in Lublin made up of four parties, Polish Workers’ Party (Communist), Polish Socialist Party, Peasant Party and the Democratic Party. A provisional government was formed which was headed by socialist, Osóbka-Morawski, with two deputies from different parties, one from Communist party and the other from Peasant party.

After World War II, Poland lost more than half of its territory and, as a result, these demographic changes had made Poland a homogenous nation. Polish economy after the war was in a very poor condition due to the destruction of the country. After the liberation, an arrangement between the major powers in the conferences of Yalta and Potsdam, led to the formation of a new Poland dominated by the Soviets.⁵⁶¹ Poland’s territory in 1945, thus, consisted of the 28 percent of its old state because “the great powers had therefore moved the home of the Polish nation some 150 miles, on an average, to the west.”⁵⁶² This geographical and demographical shift after World War II

⁵⁵⁸ Blyth 2002: 252.

⁵⁵⁹ Ibid.

⁵⁶⁰ Ibid.

⁵⁶¹ Hans Roos 1966: 211.

⁵⁶² Ibid. Hans Roos added that “this decision was all the more painful for Poland since these territorial changes did not mean simply a change of ruler, as would have been the case in the eighteenth

had a radical impact on Poland's political and economic spheres. It created a new homogenous nation after the war. Moreover, this "forcible alteration of Poland's internal political structure was paralleled by a decision affecting external policy which made plain the country's gradual withdrawal from the Western world."⁵⁶³ It was clear that Poland had started its march toward socialism by alienating itself from the Western World, in particular from the United States and Western Europe. One of the major examples of this isolation was Poland's refusal to be part of the Marshall Plan, which meant that Poland was "prepared to incorporate the Polish national economy in the Soviet-controlled economic system of the Eastern bloc,"⁵⁶⁴ and it also "destroyed the last chance of assistance from outside for an internal anti-communist opposition."⁵⁶⁵ Poland's rejection of aid from the United States through Marshall Plan, and its withdrawal from the International Monetary Fund in 1947, reduced Poland's chances to engage with Western economic models. As a result of the formation of the Polish People's Republic, Soviet ideology had dominated the political and economic system of Poland.

The Soviet model was contested between two groups of Polish communist. On the one hand, there was the group that supported a 'Polish path' to socialism on a nationalist

century, but on the contrary brought with them the expulsion and resettlement of huge numbers of people. The Polish nation had already suffered heavy losses of population during the war; one in five of the citizens of the pre-war republic had fallen in the battle or been killed in some other way, and there was scarcely a family which did not mourn the loss of one of its members... apart from the numerical aspect, the loss was a terrible one from the qualitative point of view, for the liquidation operations of both the Germans and the Russian- apart from the general destruction of the Jews by the Germans-had been aimed primarily against the Polish intelligentsia." Ibid.,211.

⁵⁶³ Ibid., 230.

⁵⁶⁴ Ibid.

⁵⁶⁵ Ibid. In addition, "the period of the 'individual path to socialism,' of the 'Polish pattern,' and of its application to state, economy and society, was over. The road to assimilation to the Soviet system of government, and thus to the real 'Sovietization' of Poland, was now opened." Ibid.

basis. This group included among them, Władysław Gomułka and others⁵⁶⁶ - who were expelled from the government and were accused of being 'rightist.' The other group composed of socialists who advocated and forcefully wanted to imitate the Soviet model. Among the members of this group were Bolesław Bierut, Alexander Zawadzki, Edward Ochab, and Stanisław Radkiewicz.⁵⁶⁷ According to Lucjan Blit who studies the origins of Polish socialism, a new turn in Polish history took place during World War II:

In July 1944 a new regime began to be established in Poland. Its most characteristic political mark was a declaration of total loyalty and even devotion on the part of the leaders of the new regime towards Russia. Since then a permanent attachment to the Soviet state has remained the basis of People's Poland's foreign and even internal policies. This has appeared to many as completely new in Polish history.⁵⁶⁸

Soviet liberation of Poland, gave it a pretext to impose its ideological orientation on the Polish system, and empowered Polish socialists to take the lead in the new political and economic realities. As noted by Ben Slay, "the period between 1945 and 1947 was marked by acrimonious attempts at compromise between the government in-exile in London and the Soviet- sponsored Polish Committee of National Liberation, which was dominated by the newly created Polish Workers' Party (PPR)."⁵⁶⁹ The coalition government that had been agreed upon after the conferences of Yalta and Potsdam created in the time of war. After the election of January of 1947, the process of nationalization and collectivization was intensified under the economic plan of the 'Three Years of Reconstruction.'⁵⁷⁰ The period from 1945 to 1947 regarded as 'critical juncture' in the Polish tradition of the multi-party

⁵⁶⁶ Among the 'nationalist' socialist group were, Marian Spychalski, Władysław Bienkowski, Zenon Kliszki, and Ignacy Loga-Sowinski. Ibid., 230-231.

⁵⁶⁷ Ibid., 232.

⁵⁶⁸ Blit 1971: Preface, vii.

⁵⁶⁹ Ben Slay 1996: 21.

⁵⁷⁰ Ibid., 22.

and capitalist system. The Peasant Party disappeared and its remaining members joined a newly formed pro-communist Peasant Party. Opposition movements were attacked and different parties gradually dissolved, and other opposition were executed or emigrated.⁵⁷¹ The Polish Socialist Party came to an end too in 1948. The Polish Socialist Party merged with the Polish Workers Party into a new Party- PZPR. After this integration, the Communist Party became the sole dominating ideology. From 1948 to 1956, Sovietization was completed. The Peasant Party and the Democratic Party became allied parties to the PZPR.⁵⁷² The rise of socialist idea came as a result of economic and political crisis, and emerged as a result of the war. After World War II, Poland's economy was completely destroyed. Socialist and Communist parties found a new avenue to enter the decision-making circle after liberation by the Soviet Union. The new party that was formed during the war years gained ascendancy due to favorable internal and external circumstances. The idea by itself found a base of attraction from the society and intellectuals. Mieczysław Rakowski, in this regards, recalled: "when I joined the party I was not a Marxist; actually, I did not even think of myself as being left. It was attracted by the slogans of equality, agricultural reform."⁵⁷³ The following interview with Mieczysław Rakowski in 1988, gives a brief description about the rise of the Communist Party in Poland during World War II when it start to assume 'the leading role' of the country.

⁵⁷¹ Hans Roos 1966: 48.

⁵⁷² Ibid.

⁵⁷³ *Hamburge DIE ZEIT*, "Rakowski Interviewed on Domestic Policy Issues." FBIS-EEU-88-249. 28 December 1988. P: 35.

Box 4.1: Interview with Mieczysław Rakowski in 1988.⁵⁷⁴

DIE ZEIT: So why did you not join the Socialist Party (PPS), which still existed at that time?

Rakowski: Simply because the army unit which I had joined as a volunteer, only had a party cell of the Communist PPR. A son of peasant-particularly before the war-had only two possibilities to climb the social ladder: either as an officer or as a priest.

DIE ZEIT: So you became an officer and –politically-took the side of the new rulers, who never had a majority among the population, not even at the beginning.

Rakowski: I was fascinated by the great social changes that were beginning to take place at that time-nationalizing of industry, educational reform. At that time, I was thinking in completely different categories than I do today; I was never quite aware of the fact that we were an ideological minority.

As shown from this interview, socialist ideas of social justice and equality attracted people who had suffered years of poverty and destruction. Socialist movements were already active in Poland prior to the war, but gained ascendancy during the war. In October 1956, a period of de-Stalinization started. Gomułka was reinstated as a Party member. A period of change started with Gomułka's but lasted only for few years. The constitution was amended to give the Communist Party 'the leading role.' The 'leading role' idea of the PZPR meant that the Party, "embodies and interprets the ideology which is the foundation of the whole political system; it coordinates and harmonizes the work of various social organization through interlocking of its members in the party positions and in the leading positions of

⁵⁷⁴ Ibid.

those organizations,”⁵⁷⁵ and that the government “takes care of the political activatization of all the citizens; and it is the sole dispenser of patronage as far as the jobs in the government, the party, and the nationalized economy.”⁵⁷⁶ Party’s leading role, became established in all aspect of Polish society.

When Gomułka came to power after his expulsion from the Party, he came with a new vision of setting Poland on the road to national model of socialism by eliminating Soviet dominance over Polish affairs. Gomułka came to power as a hero who aspired for a nationalist road to socialism in Poland. His era in power started with an increase in political liberalization and a cultural renaissance.⁵⁷⁷ During this period, the revisionist movement emerged in an attempt to redefine socialist ideas and reform the existing system. The period of political liberties shrinked with the closure of *Po Prostu* and with the suppression of revisionist movement. It must be noted that, during the Polish October, after economic crisis, a new opportunity emerged for new ideas to penetrate the party. These new revisionist ideas were not a deviation from socialist principles, but it aimed to reform the Party from within. In other words, after Gomułka came to power, new opportunity opened for revisionism. However, and as it will be shown below, internal and international factors did not facilitated the adoption of their reformed ideas of socialism. By internal factors, I mean the lack of a supportive domestic atmosphere, to promote their ideas; and the absence of powerful members who could adopt and disseminate their idea. Internationally, revisionist was met by severe repression, not only in Poland, but all

⁵⁷⁵ N. Cieplak 1972: 49.

⁵⁷⁶ Ibid.

⁵⁷⁷ Weschler 1982:149.

over East Central Europe. Thus, conditions were not in favor of these new ideas to be implemented.

The rise and fall of revisionist movement

The revisionist movement had spread across East Central Europe, after the death of Stalin, as an attempt to reform socialist ideas and bring socialism back to its core principles. After Gomułka return to power in October 1956, political liberalization gave an opportunity to revisionists to express their ideas and criticize ‘existing socialism’ in Poland since 1945, and its ‘distortions’ in the last decade with the process of Stalinization. In Poland, like other Eastern European countries, the revisionist movement was emerged in late 1950s and 1960s. The major demands for revisionist movement, according to Leszek Kołakowski were the following.⁵⁷⁸ First, revisionist urged the need for intra-party democratization. This demand was debatable within the movement itself, whither to limit democracy to the Party by allowing for the creation of ‘factions,’ or to extend it to the public life and allow for the creation of political parties, which would eventually lead to the creation of a multi-party political system.⁵⁷⁹ Second, they demanded the creation of independent trade unions and workers’ councils. Clear here was that revisionists advocated the idea of self-management through workers’ councils. For them, socialism will limit the role of the state when workers democracy would emerge as a last stage of the

⁵⁷⁸ Leszek Kołakowski, *Main Currents of Marxism: Its Origin, Growth, and Dissolution* (Oxford: Clarendon Press, 1978), 458-460.

⁵⁷⁹ Ibid., 458.

development of socialism, which never happened.⁵⁸⁰ The third demand dealt with Poland's sovereignty by ending Soviet domination and getting equality of treatment "among members of socialist bloc."⁵⁸¹ The fourth was concerned with economic management. They advocated social ownership of the means of production instead of state ownership which had caused all ills in the Polish economy. They also demanded "an enlargement of the role of market conditions in the economy; profit-sharing by workers; rationalized planning and the abandonment of unrealistic all-embracing plans; a reduction in the norms and directives that hampered enterprise; and concessions to private and co-operative activity in the field of services and small-scale production."⁵⁸² The sixth demand was concerned with the elimination of censorship and allowance of political freedom. They also demanded, freedom of the press, science and arts.⁵⁸³

For revisionists, Communist Party had created a 'class of bourgeoisie' who monopolized the political and economic spheres in Poland. Thus, they urged for the need to 'return to the sources.'⁵⁸⁴ In addition, they attacked Party political domination of public life, and demanded, as mentioned above, intra-party democratization. Gale Stokes gives a brief description of the basic ideas (political and economic) of the revisionist movement, of which he noted:

During the 1960s most oppositionists retained a commitment to the ideals of socialism, however, they understood them, and voiced their opposition in Marxist terms. Just as East European economists at that time still believed it possible to reform the centrally planned economies by creating "social" rather

⁵⁸⁰ Ibid.

⁵⁸¹ Ibid., 459.

⁵⁸² Ibid., 459-460.

⁵⁸³ Ibid., 458.

⁵⁸⁴ Ibid.

than “state” property, by introducing workers’ self-management, or by increasing enterprise autonomy, so many critics of the Stalinist political system maintained their belief in revolutionary socialism.⁵⁸⁵

The refined idea of socialism, according to the revisionists, was a return to the basic idea of social ownership. In another words, for revisionists, the means of production should be the property of the society instead of the state. In addition, revisionists advocated the idea of workers’ democracy, in which workers’ council would be the main representatives of workers in factories. The revisionist’s major critics to existing socialist system were based on the following points, according to Kołakowski. First, they attacked and criticized Lenin’s ‘theory of reflection’ because, for them, “cognition did not consist of the object being reflected in the mind, but was an interaction of subject and object, and the effect of this interaction, co-determined by social and biological factors, could not be regarded as a copy of the world.”⁵⁸⁶ Second, they criticized the idea of historical determinism, because “the idea that there were unalterable ‘laws of history’ and that socialism was historically inevitable was a mythological superstition which might have played a part in stirring up enthusiasm for Communism but was none the more rational for that. Chance and uncertainty could not be excluded from past history, still less from predictions of the future.”⁵⁸⁷ Thirdly, they attacked the basic idea of socialism’s moral values that stemmed from “speculative historiographical schemata.”⁵⁸⁸ For them, these moral values had nothing to do with the laws of history, and thus, “for socialism to be restored, a system of values must first be re-created independently of

⁵⁸⁵ Gale Stokers, *The Walls Came Tumbling Down: The Collapse of Communist in Eastern Europe* (Oxford: Oxford University Press, 1993), 12-13.

⁵⁸⁶ Kołakowski 1978: 462.

⁵⁸⁷ Ibid.

⁵⁸⁸ Ibid.

historiosophical doctrine.”⁵⁸⁹

The revisionist movement in Poland had flourished in the late 1950s after the de-Stalinization period started. Intellectuals, Party members, historians, sociologists, journalists and economists had been involved in this movement. According to Leszek Kołakowski, “in 1955-7, as Communist ideology disintegrated, attacks on the system were widespread.”⁵⁹⁰ Kołakowski numerated the major factors that facilitated the rise of revisionist movement in Poland and elsewhere in Eastern Europe as the following: 1) “revisionists belonged to the ‘establishment’ and had much easier access to the mass media and the unpublished information;”⁵⁹¹ 2) revisionist “knew more than other groups about Communist ideology and Marxism, and about the state and party machine,”⁵⁹² and most importantly; 3) revisionists in their criticism of the Party, used “Marxist language: they appealed to Communist ideological stereotypes and Marxist authorities, and made a devastating comparison between socialist reality and the values and promises to be found in the ‘classic.’”⁵⁹³ The revisionist movement aimed to go back to the origin of Marxist writings and interpret them in the context of Poland’s realities.

It is worth noting that Poland and Hungary were relatively open countries to different ideas in East Central Europe.⁵⁹⁴ They had already undergone a search for new ways to reform socialism through different ideas such as self-management/ industrial democracy, market socialism/ third way, and market capitalism ideas. In addition, many of the economists in those countries were exposed to Western writings, and some had been

⁵⁸⁹ Ibid.

⁵⁹⁰ Ibid., 457.

⁵⁹¹ Ibid.

⁵⁹² Ibid.

⁵⁹³ Ibid.

⁵⁹⁴ Aligica and Evans 2009: 29.

educated abroad through different fellowships and opportunities that enabled them to study and teach in the United States and the United Kingdom thus, they already had exposure to different ideas and had tried to reconcile those different ideas with existing ideas.

Famous revisionist advocates in Poland were Oskar Lange, Leszek Kołakowski, Michał Kalecki, Włodzimierz Brus, Edward Lipiniski and Tadeusz Kowalik.⁵⁹⁵ The revisionist movement renewed the debate within socialism. It can be seen as a reformist stage of socialism's cycle of life, as stated earlier. Gomulka perceived revisionists as 'a danger' to socialism in Poland and elsewhere in Europe. For him this movement was a movement of anti-socialist who "have ideologically lost themselves, lost Marxism-Leninism, lost socialism in their search for new roads to socialism... they are proceeding along the road which leads to degeneration."⁵⁹⁶ Leszek Kołakowski, a well known Polish philosopher, was one of the major advocates of revisionist ideas who criticized Party monopolization of the political and economic spheres that in turn led to social inequality. Kołakowski criticized existing socialism, which he thought did not reflect the basic ideas of socialism. Gomulka rejected his ideas and shut down *Po Prostu*, a weekly journal that presented the ideas of revisionists.

Julius Waclawek, voiced the government perception of revisionist movement, and described the status of revisionist movement in an article entitled *The Main Platform of Class Struggle*, which dated back to 1968. Waclawek said:

The present revisionism in the socialist countries has its own specific features. The targets of its attacks is primarily the political superstructure of the socialist

⁵⁹⁵ Kołakowski 1978: 464.

⁵⁹⁶ Adam Ciolkosz, "The Rise and Fall of 'Modern Revisionism in Poland.'" In Tadeusz N. Cieplak, *Poland Since 1956: Readings and Essays on Polish Government and Politics Selected and Edited* pp: 22-37 (TWAYNE Publishers, INC: New York, 1972) 25.

state. Under the slogans of “freedom” and “democratization” it rejects the concept of socialist democracy and proletarian dictatorship- that is, the leading role of the workers class and its party- trying to replace them with the bourgeois-liberal principles of the free play of political forces and with various selective and technocratic concepts of the “governments of specialists.” In this way it seeks to open the road for the antisocialist forces.⁵⁹⁷

The above quote represents the Gomułka government position that criticized the revisionist movement, which started in late 1950s. They accused revisionism of undermining the principles of central planning of the socialist economy and introducing elements of capitalist market economy. Revisionists were accused also of being anti-socialist and trying to disintegrate the socialist party in Poland.⁵⁹⁸ “Contemporary revisionism,” said Waclawek [in 1968], “is trying to penetrate the ranks of the communist movement,”⁵⁹⁹ and that they were marching toward capitalism and negating the Marxist theory of class struggle and the dictatorship of the proletariat.⁶⁰⁰

The Party declared at its IX Plenary session that “revisionism is the main ideological danger in the Party.”⁶⁰¹ Another intellectual who believed in the possibility of reforming the Party from ‘within’ was Adam Michnik, who would play an important role in the creation of *KOR* and *Solidarność*. Michnik neatly pointed out to the essence of the revisionists’ theoretical argument against the ‘existing socialism.’ In his article entitled *The New Evolutionism*, Michnik wrote that:

The revisionist concept recognized a certain possibility of evolution within the Party. Although never formulated as a political program, the concept implied not

⁵⁹⁷ *Warsaw TRYBUNA LUDU*, “Julius Waclawek Article of Class Struggle.” FBIS-EEU-68-161. 23 July 1968. P: 3 A. Under the headings “materials on Polish and Yugoslav Political and economic developments.” Supplement number 41.

⁵⁹⁸ *Ibid.*

⁵⁹⁹ *Ibid.*

⁶⁰⁰ *Ibid.*

⁶⁰¹ Ciolkosz 1972:26.

only a possibility of humanizing and democratizing the system of the exercise of power, but also the possibility that the official Marxist doctrine was capable of assimilating some of today's ideas in the humanities and social sciences. The *revisionists wanted to act within the framework of the communist party* and of Marxist doctrine and of this party "from the inside," working towards democratization and the victory of common sense. In the longer term, their action, so conceived, was supposed to establish inside the party the domination of *enlightened men* and *progressive ideas*.⁶⁰² (Italics added)

Revisionist attempts to reform the system were confronted by the authorities in various ways. For example, in Hungary,⁶⁰³ the revisionist movement was crushed by force through Soviet invasion, while in Poland it was repressed gradually and more mildly, by closing their periodicals and increasing censorship of their publications. The rise of revisionist idea led eventually to the decline of socialist idea itself, as argued by Leszek Kołakowski: "why Polish revisionism gradually declined was not the use of such measures - closure of periodicals, banning publications - but the disintegration of party ideology, undermined by revisionist criticism."⁶⁰⁴

Other Party members such as Jacek Kuroń and Karol Modzelewski, who criticized Communism through their *Open Letter to the Party* in 1964, advocated revisionism in

⁶⁰² Persky and Flam 1982: 59. Michnik added that "the ideas of revisionists and the neopositivists were the response to the particular situation of the years 1957-64, a period of both social normalization and a political thaw in which the standard of living rose and civil liberties were extended. Both conceptions largely reflected the atmosphere of political truce and socio-psychological stability. The task of realism in the revisionist and neopositivists (with the latter wanting to be so realistic) became apparent in the period of growing social conflict which came in the late sixties and seventies." Persky and Flam 1982: 62.

⁶⁰³ Leszek Kołakowski, *Main Currents of Marxism: Its Origin, Growth, and Dissolution* (Oxford: Clarendon Press, 1978), 464. In Hungary, the major revisionist center was the "Petöfi Circle." This movement was inspired by Gyorgy Lukacs's writings. Lukacs was one of the famous intellectual in Marxism history. He criticized the dialectic of nature and the theory of reflection. Leszek Kołakowski wrote that "from the time of his identification with Communism and Marxism Lukacs *knew* that all problems of philosophy and the social sciences had been solved in principle and that the only remaining task was to ascertain and proclaim the true content of Marx's and Lenin's ideas, so as to bring about a correct understanding of the received canon. He gave no further thought to the question whether the Marxian 'totality' was itself a true one and how its truth could be proved.... In his critique of Stalinism he did not step outside its fundamental bases. Lukacs is perhaps the most striking example in the twentieth century of what may be called the betrayal of reason by those whose profession is to use and defend it." Ibid., 306-307.

⁶⁰⁴ Kołakowski 1978: 464.

Poland. Kuroń and Modzelewski argued in their *Open Letter to the Party* that “the central political bureaucracy is the ruling class; it has at its exclusive command the basic means of production; it buys the labour of the working class; it takes away from the working class by force and economic coercion the surplus product and uses it for purposes that are alien and hostile to the worker in order to strengthen and expand its rule over production and society.”⁶⁰⁵ For them, socialism had deviated from its original revolutionary goals, and they criticized the bureaucratization of the government that led to the creation of *nomenclatura* as a class by itself, and its appropriation of the means of production.

Their *Open Letter to the Party* was considered to be one of the main statements that criticized the Stalinist political system and Communist centralism and led to the spread of the revisionist movement in Poland and elsewhere in Eastern Europe.⁶⁰⁶ In addition, the *Open Letter to the Party* was “the first revolutionary Marxist document to appear in any ‘workers’ state’ since the debates of the various left opposition groups in the Soviet Union in the 1920s.”⁶⁰⁷

The arrest of Kuroń and Modzelewski,⁶⁰⁸ and an increase suppression of political liberties after the Polish October, led to student demonstrations that came to be known as the “March Days” in 1968. When the government brutally suppressed and beat students and faculty members, it was accompanied by a new wave of anti-Semitism which was led

⁶⁰⁵ Jacek Kuroń and Karol Modzelewski, “An Open Letter to the Party,” *International Socialism* (1968), quoted in Domenico Mario Nuti, “Socialism and Ownership,” *In The Socialist Idea: A reappraisal*, (Weidenfeld and Nicolson: London, 1974): 186.

⁶⁰⁶ Gale Stokes, *The Walls Came Tumbling Down: The Collapse of Communist in Eastern Europe* (Oxford: Oxford University Press, 1993), 13.

⁶⁰⁷ Stan Persky and Henry Flam, *The Solidarity Source Book* (New Star Books: Vancouver, 1982), 35.

⁶⁰⁸ They were sentenced for three years in jail and accused of attempting an overthrow of the state government. *Ibid.*, 13.

by some of the Party members, and also by state propaganda against revisionists who had been accused of being anti-socialist. As described by Gale Stokes:

The ugliest feature of these “March Days,” as they became known to the Poles, was the vicious campaign of anti-Semitism that accompanied it. The regime extended its attacks on student leaders, some of whom had Jewish family backgrounds, to the relatively small remaining population of Polish Jews that had survived the Holocaust. Merely to be of Jewish origin was sufficient to merit prosecution an element hostile to the Polish state. By the end of 1968 most of the thirty to forty thousand Jews remaining in Poland had been forced to emigrate.⁶⁰⁹

Revisionists attempted to return to the core spirit of Marxist ideology to fight against the bureaucratic dominance of the Party. One can argue that due to the decline of socialist ideas, revisionism arose as an attempt to reform socialism from ‘within’ but it failed to achieve its objectives in this regard. In addition, one also can say that the emergence of revisionist/ reformist ideas was a clear sign of an ideological battle that would last for decades to come in Poland and elsewhere in Europe. Revisionism, according to Kołakowski, “was a major cause of the fact that the party lost its respect for official doctrine and that ideology increasingly became a sterile though indispensable ritual.”⁶¹⁰ Thus, revisionism in Poland “cut the ground from under its own feet.”⁶¹¹ In Poland, the Communist Party contained the revisionist movement through repression, and by an anti-revisionist media campaigns. In their 12th Plenum, the Party major discussion was about revisionism and its ‘danger in Poland’ and undermining socialism. Zenon Kliszko, Party member said in this regard that:

The dangerous character of revisionist trends, results not only from the fact that revisionism acts from within and weakens and disintegrates the ideological front. Revisionism is also trying to regenerate and reanimate the old political

⁶⁰⁹ Ibid., 15-16.

⁶¹⁰ Kołakowski 1978: 465.

⁶¹¹ Ibid.

and social forces and to invigorate rightwing trends, particularly social democratic trends. Nor does it disdain efforts to search for alliances with extreme rightist. Second, revisionism acts along the same line along which moves the main weight of the attack by imperialist ideological subversion calculated to 'soften up the socialist system.'⁶¹²

It is very clear that Communist party perceived the revisionist movement as a threat and a deviation from the principles of Marxism-Leninism ideology. Ideological problems were at the center of the Plenum discussion in 1968.⁶¹³

Revisionists' lack of a concrete agenda, made them vulnerable to attacks from the Party.⁶¹⁴ They had no unified organization or even a leader, which contributed to its decline. Revisionist ideas of reforming socialism intensified and were publically voiced out after the October revolution when Gomułka came to power.⁶¹⁵ Revisionist had high expectations that Gomułka would implement their reformist ideas but reality proved them wrong. The fall of revisionist ideas was a clear sign of the decline of the socialist ideas itself. Leszek Kołakowski summarized the major causes of the socialist decline in the following words:

Marx's own doctrine certainly afforded more food for the mind, but in the nature of things it could not provide answers to questions that philosophy and the social sciences had raised since Marx's day, nor could it assimilate various important conceptual categories evolved by the twentieth-century humanistic culture. Attempts to combine Marxism with trends originating elsewhere soon deprived it of its clear-cut doctrinal form: it became merely one of several contributions to intellectual history, instead of an all embracing system of authoritative truths among which, if one looked hard enough, one could find the answer to everything. Marxism had functioned for decades almost entirely as the political ideology of a powerful but self-contained sect, with the result that it was almost completely cut off from the external world of ideas; when attempts were made to overcome this isolation it generally proved too late- the doctrine collapsed, like mummified remains suddenly exposed to the air. From this point of view,

⁶¹² *Warsaw POLITYKA*, "Centrally Placed." FBIS-EEU-68. 20 July 1968. P: 2 A (as reported).

⁶¹³ *Warsaw TRYBUNA LUDU*, "The Main Platform of Class Struggle." FBIS-EEU-68-161-S. 23 July 1968. P: 3 A.

⁶¹⁴ Persky and Flam 1982: 59.

⁶¹⁵ Ciolkosz 1972: 28.

orthodox party members were quite right to fear the consequences of trying to breathe fresh life into Marxism. Revisionist appeals which seemed to be the merest common sense- Marxism must be defended in free discussion by the intellectual methods universally applied in science, its ability to solve modern problems must be analyzed without fear, its conceptual apparatus must be enriched, historical documents must not be falsified, and so on- all proved to have catastrophic results: instead of Marxism being enriched or supplemented, it dissolved in a welter of alien ideas.⁶¹⁶

Revisionist ideas came at the time of crisis within the Party itself. This new idea did not constitute a coherent set of ideas about the vision of the new reform of state socialism. Thus, it failed even when a window of opportunity emerged. Michnik wrote that the main reason for the failure of the revisionist movement “is not that they have suffered defeat in their struggle for power inside the party - a struggle which anyway was lost before it started - it was more the defeat of personalities who one by one lost power and influence; it was not a defeat of the program of the democratic left, because the revisionists had never formulated one.”⁶¹⁷ Lack of concrete program contributed to revisionist movement demise. In addition, this movement that concentrated in reforming the Party from within, had no clear vision for the role of the society as an important element of reform.

Thus, as argued before, the revisionist idea collapsed before it could ascend to a powerful force for change, especially within the party. Another reason, one can argue, was that repeated crises that had proven the irreformability of the socialist idea itself, and urged the need to formulate an updated/ new idea to respond to the realities of the situation in Poland and elsewhere in Eastern Europe. To sum up, revisionism declined because of unfavorable circumstances when it emerged. Among

⁶¹⁶ Kołakowski 1978: 465-6.

⁶¹⁷ Persky and Flam 1982: 60.

the reasons that caused the decline of revisionist ideas was their high expectation for Gomułka “to break radically with the pre-October past of the Polish United Workers Party.”⁶¹⁸ Revisionist movements disappeared and their ideas were weakened by government repression of the carriers of those ideas, because “Gomułka did not want its support, nor was it strong enough to win in a clash with the state apparatus.”⁶¹⁹

The decline of state socialism in Poland

Through tracing the ideational root of socialism in Poland, the above section attempted to position socialist ideas within Polish history. In doing so, I looked at the emergence of the first Socialist Party, the ‘Proletariat.’ I then proceeded with the first socialism ideological crisis in Poland, the division between the pro-Soviet socialist and ‘nationalist’ socialists. Then I looked at the rise and fall of the revisionist movement in Poland since the rise of Gomułka into political power. The following section will explain the factors that led to the decline of state socialism in Poland since 1945.

Circumstances after World War II enabled the pro-Soviet group to dominate the political scene in Poland and eliminate other anti-communist movements. After the death of Stalin, new ideas emerged, among them the revisionist idea of socialism. This movement aimed to reform socialism from within. It criticized the Party for its lack of democratization and for its monopolization of the political and economic management. Revisionists advocated the idea of self-management through workers councils, as the only way to create social democracy. In addition, they demanded the elimination of censorship of press and media. Circumstances were not favorable for their ideas to be

⁶¹⁸ Ciolkosz 1972: 28.

⁶¹⁹ Ibid., 35.

adopted. In particular, revisionists attacked by leaders of the Party as being ‘anti-socialist.’ Thus, they lacked any political support for their ideas. Moreover, their lack of organization; and their lack for clear political and economic program had led to their demise in late 1960s. The government had employed police and media in crushing revisionist movement. During his leadership, Gomułka government initiated an anti-Semitism campaign that led to massive emigration of Jews, among them prominent economists, such as Kołakowski.

Deterioration of the economy in late 1970s, had led to several economic and political crisis. New waves of workers strikes had emerged resulted from this economic situation. Gross domestic product had fallen due to the Gierek government’s concentration on investment on heavy industry instead of consumer goods. The government in July 1980 decided to increase the price of several consumer goods. Thus, in August of 1980, workers initiated several strikes that paralyzed the Polish economy; and led eventually to the formation of a new independent trade union, Solidarność. With its creation- discussed in previous chapter- Solidarność urged the Party to demonopolize the economy which had been controlled by *nomenclatura* which, for Solidarność was the major cause of Poland’s economic difficulties. The table below presents Poland’s GDP from 1977 until 1989.

Table 4:1: Poland Gross Domestic Production from 1977-1989⁶²⁰

Year	GDP
1977	106
1978	109
1979	106
1980	100
1981	90
1982	87
1983	92
1984	95
1985	99
1986	103
1987	105
1988	110

The table above gives a general view of Poland's economic situation from 1977 till 1988. Several plans had been introduced to reform the socialist system. The system had been struggling with foreign debts. In particular, by the 1980s, a series of reforms- at least seven reform programs - were debated in Poland. One of these reforms was formed under the supervision of Leszek Balcerowicz (who would be Poland's Finance Minister

⁶²⁰ Original Source: *Maly Rocznik Statystyczny* (1992), G.U.S Warszawa, extracted from, Table I. in Bronislaw Oyrzanowski and Magda Paleczny-Zapp, "From One Economic Ideology to Another: Poland's Transition from Socialism to Capitalism," *International Journal of Politics, Culture, and Society* 7, no.1 (1993): 45.

in 1989)⁶²¹ and his team at the Higher School of Planning and Statistics (*Szkola Glowna Planowania i Statystyki*- SGPiS). His economic reform plan was described as radical and therefore, was rejected from the Party.

One of the major features of the socialist system was its inherited shortage economy. According to János Kornai, the shortage economy was characterized by four criteria,⁶²² 1) it appears general; 2) shortage is a frequent phenomenon, which means that it appears constantly and frequently; 3) shortage is intensive; and 4) it is chronic in its occurrences and not temporary. Thus, Kornai argued that the ‘shortage phenomena’ under socialism are “general, frequent, intensive, and chronic; the system is a shortage economy.”⁶²³ The shortage of consumer goods creates uncertainty, and as a result, it force customers into hoarding and building up a large stocks.⁶²⁴ This phenomenon contributed to increased dissatisfaction with the planned economic system. In socialist economy, workers had no incentive for works. Therefore, competition is absent between enterprise. In addition, many state enterprises in Poland are economically are not efficient but still receive funding from the state. The private sector plays no role in the development of national economy in state socialism. Therefore, Polish government started to pay more attention to private sector, in particular in their ‘first’ and ‘second’ stage of economic reform plan. The table below highlights the differences between a centrally planned economy and a capitalist system, according to Kornai.

⁶²¹ D.Mario Nuti, “Comment.” *In Development Challenges in the 1990s: Leading Policymakers Speaks from Experience*, edited by Timothy Besley and Roberto Zagha, pp 246-252, (World Bank and Oxford University Press, 2005): 247.

⁶²² Kornai 1992: 233.

⁶²³ Ibid.

⁶²⁴ Ibid., 249.

Table 4.2: Comparison between Capitalist and Socialist system in short-term behavior of the firm.⁶²⁵

Main Feature	Competitive Private Firm Under Capitalism within Framework of Imperfect Competition	State-Owned Firm Under Classical Socialism
1- Interest	Primarily increasing Profits.	Primarily recognition from superior organizations. Chief criterion: performance of instruction.
2- Entry and exist	Determined by the market. Free entry. Business failure leads to exist.	Bureaucracy decides on all entries and all exits.
3-Budget constraint	Hard	Soft
4-Price responsiveness	Strong	Weak
5-Price determination	Firm sets selling price. Price higher than marginal cost.	Price authority sets selling price, but firm has influence on it. Relationship of price to marginal cost arbitrary.
6-Information on demand Producer-seller's hypothesis	Firm unsure of demand. Does not expect notional excess demand. Quantity sold depends on own efforts.	Firm sure of demand. Expects notional excess demand. Quantity sold does not depend on own efforts.
7-Notional excess supply	Would like to sell more at price set than buyer buys. There is notional excess supply and notional excess capacity.	Would not like to sell more at price (approved) by price authority than amount it deems its production limit. There is no notional excess supply or notional excess capacity.

⁶²⁵ Kornai 1992, Table 12.1, P: 264.

8-Demand inputs	for	Constrained	Inclined to run away
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State socialism system in Poland failed to introduce an efficient economy similar to Western Europe. Polish economy passed through several crises, which led to the emergence of oppositional movements that undermined the legitimacy of the system in general. Monopolization of the political and economic management in Poland and elsewhere in Eastern Europe was the principal cause for its collapse in 1989-1990, as stated clearly by Maria Hirsowicz, who wrote that:

Concentration of power is the magic formula which brought about the failure of the socialist idea in its communist shape. This concentration of power took a very special form: on the one hand it meant the exclusion of all political forces and institutions which could not be controlled by the communist, i.e. the disarmament of society, and on the other it consisted in the progressive centralization of social administration so as to give full control to those at the top; thirdly, there was the process of changing the very social structure so as to make it fully adjusted to the absolute rule of the party elite.⁶²⁶ (Italics added by the author)

As is clear from the above quote, the major weakness that contributed to the failure of socialist ideas in Eastern Europe, was the monopolization of political and economic power. State ownership of the means of production and political authoritarianism had negatively influenced the ideals of socialism. In his speech during the dissolution of *KOR* at Solidarność first Congress in 1981, Professor Edward Lipinski, one of the leading economists in Poland who participated as a member of the New Economic Council during Gomułka period in power, described the major shortcomings of the socialist idea in Poland, saying that:

⁶²⁶ Maria Hirsowicz, "Industrial Democracy, Self-management and Social Control of Production." In *The Socialist Idea: A reappraisal*, edited by Leszek Kolakowski and Stuart Hampshire, pp: 196-216, (London: Weildenfled and Nicolson, 1974): 212.

Socialism in the classical definition of the term, is *supposed* to be a better economic order than capitalism: it is *supposed* to be broader in its freedoms than capitalism; it is *supposed* to solve the question of work and the liberation of the working class; it is *supposed* to provide the conditions under which each person can fully develop his possibilities and have free and constrained access to the products of culture and civilization.

However, a socialist society was created with a bad economy, an incompetent economy, a wasteful economy. Indeed this socialist economic system had led to an economic catastrophe without parallel in the course of the last one or two hundred years... I have considered myself a socialist since 1906. But this has meant precisely the fight for a better economy; for a democratic economy; for the ownership of the means of production. Not for state ownership where the property owners are a group of new, private owners of the means of production, but for social ownership of the means of production; for the democratic control of factories; for political freedom. These are the goals of every genuine socialism; as well as the destruction of censorship and the possibility for the full development of the Polish nation.⁶²⁷ (*Italics added*)

Professor Edward Lipinski, among revisionist party members, argued that socialism in Poland deviated from its initial 'genuine' goals in creating social ownership and workers democracy. Socialization that started in Poland in 1947 was suppose to create social ownership of the means of production, but instead it created a central administrative body that controlled both the political and economic affairs of the country. Centralization of the economy was controlled by the *nomenclatura*, and created a great dissatisfaction within the party members itself, and within the working people and the society in general. As I mentioned earlier this centralization and monopoly of power had led to the creation of the revisionist ideas that started in 1956, which were aimed directly at reforming the socialist system without replacing it with a new one. However, their efforts failed because they did not represent a coherent set of ideas.

⁶²⁷ Persky and Flam 1982: 200.

With the imposition of martial law in December 13, 1981, socialist ideas came under attacks and refinement and brought a new opportunity to different ideas to emerge including self-management, market socialism and free market ideas. The concentration of political power in the hands of one party had intensified distrust with socialism as a system of equality and efficiency. Therefore, the decade of 1980s, witnessed different economic reforms plans. After failure of its 'first stage' economic plan, the government attempted another plan. It drafted its 'second stage' plan and attempted to secure public approval for its implementation. Thus, by November 1987, a referendum for radical economic and socio-political reform was put for public test. The government lost this public referendum but proceeded with the 'second stage' plan regardless of the results. One can argue that the government attempted to implement a form of 'market socialism' in that it tried to introduce a market mechanism into a planned economy. In another words, the government was pushing for further liberalization to solve the problems of goods shortage, lack of competition, 'soft constrain' problem, and monopolization of the economy through introducing market mechanism which was supposed to push the economy toward efficiency and curb inflation. By February 1988, the government commenced its 'second stage' plan, by raising the price of different goods to reflect market supply and the demands mechanism. At the same time, the government increased workers' wages to compensate for the price increases. The first few months went calmly, but by April waves of strikes hit Poland. In August, the number of strike increased and impacted negatively on economic performance. Thus, the government was forced to start negotiations with Solidarność.

By 1988, vision about socialism and its egalitarian ideals were undergoing a major change not just in Poland, but also in all parts of Eastern Europe. Socialist renewal became government banner for new economic and socio-political reforms. However, it did not succeed. Rigidity and resistance to change in socialist institutions had offered no choice except to break the old institutions and build new ones in 1989. With the emergence of the idea of the 'roundtable,' the Party had another round of renewal. The major premise of Party renewal resided on the Party being critical to itself. Mariah Orzechowski, during an inauguration ceremony of the new Academic Year at the PZPR Academy of Social Sciences, discussed the role of political thought in party activities and in their renewal strategy. Orzechowski stated that "Poland socialism, and the party urgently need an honest evaluation of what constitutes our joint achievements, but what we need above all is creative and effective militancy, one that can change the present and blaze a trail to a better future."⁶²⁸

In general, the socialist idea was tested after the consolidation of the Communist Party in Poland. During the period from 1945 until 1948, the process of Sovietization of Poland economic and political affairs was completed. After the Polish October in 1956, with the re-installment of Gomułka into the Party, a new chapter in Poland history started with the rise of revisionist movements. The revisionist major aim was to reform socialism from within. Centralization of the economy, shortage of goods, foreign debts, one-party monopolization, were all factors that contributed to the decline of the socialist idea and to the emergence of

⁶²⁸ *Warsaw KULTURA*, "Prospects for Party's Renewal Viewed." FBIS-EEU-88-232. 2 December 1988. P: 39.

new ideas such as self-management, market socialism and free-market economy. The following section will trace the status of self-management throughout Polish history, with an emphasis on the role of Solidarność in activating this idea in 1980 as the core of their Program ideology.

The idea of Self –Management

Lets recall here one of the major paragraph written by Jacek Kuroń and Karol Modzelewski in their *Open Letter to the Party*, in which they described the relationship between workers and the means of production and criticized the Party for depriving workers of their rights to control means of production which is the basis of socialist thinking. In their words:⁶²⁹

The working class has no control over the size of this surplus product, or over the way it is apportioned, or the uses to which it is put; for, as we have already seen, it *has no say in the decisions of the authorities who control the means of production and production itself*. It is not the workers who decide on the wage rate; this is handed down to them from above along with production quotas. Workers have neither the right nor opportunity to defend themselves economically; for, as we have seen, they have been deprived of organization, the absolute prerequisite for any effective strikes action. Any organizing agreement among workers to fight for higher wages is illegal and, as such, is prosecuted by the apparatus of repression: the police, the judge, the courts.⁶³⁰ (Italics added)

As discussed in previous section, the idea of revisionism was built around the concept of workers' democracy by activating the idea of self-management. Thus, as

⁶²⁹ Persky and Flam 1982: 35-56.

⁶³⁰ Ibid., 38. This is basically the major criticized by Modzelewski and Kuroń to the Party that benefited its bureaucratic apparatus instead of workers. They asked one major question: "to whom do the workers sell their labor-power in our country?" their answer was that "to those who hold the means of production in their hands, the *central political bureaucracy*. By virtue of that, the central political bureaucracy is a ruling class- it has exclusive control over the basic means of production; it buys the labor-power of the workers; it takes their surplus product from them by naked force and economic coercion and uses it for purposes alien or hostile to the workers, namely, to reinforce and extend its own control over production and society. In our system this is the dominant form of property relations, the basis of productive and social relationships." Italics added by the authors. Ibid., 39-40.

the reader have seen, revisionist ideas were inspired by opposition movements in Poland in their search for democracy and a sound economy. The revisionist movement attempted to reform socialism but failed because of a combination of factors, as mentioned earlier. Thus, when revisionist ideas emerged, they represented for their adherents a solution to Poland's economic and political crisis after a decade of repression and economic decline. Revisionist ideas inspired workers' movements because of their emphasis on the idea of autonomous self-management. The failure of the revisionist movement came as a result of its concentration on reforming the Party from 'within' instead of looking at ways of reforming the Party through the involvement of society and the workers.

This section will present to the reader another idea that emerged at the time of crisis. Self-management ideas were embedded in the notion that workers' participation in managing of their own enterprise would lead eventually to the development of a workers' democracy in which workers, not the state, would be in control over the means of production, and the role of the state would be limited. This vision of a social/ workers' democracy was never fully implemented in Poland or in any other Eastern European countries (Western and Eastern Europe had a history of workers' councils). As stated at the beginning of this chapter, ideational change in Poland preceded institutional change that took place in 1989-90. Thus, the aim of this section is to show the basic elements of the idea of self-management and trace its historical development in Poland, particularly after World War II when the Communist Party consolidated its power. Another aim of this section is to demonstrate that the idea of self-management emerged at a time of crisis, but did not

become an alternative economic model to state socialism in Poland. In other words, the self-management idea through workers' councils was never fully realized, in particular after repeated negative experiences with the idea itself when the government temporarily activated the role of workers' councils but retained its control over these councils. One can argue that the experience with the idea of self-management in 1956 and in 1981 led to its decline in 1989 and to the rise of new ideas such as market socialism and free-market since early 1980s. Important to accentuate here that, neither self-management nor market socialism represent a real alternative to economic model in Poland without serious political reform. Thus, it is no surprise to see that the idea of self-management and market socialism were directly replaced in 1989 when the Solidarność led government decided to adopt another alternative that proved successful in advanced Western countries, capitalist market economy.

János Kornai noted that the self-management idea is “wholly socialistic,” in which “it promises a reinterpretation of public ownership.”⁶³¹ Worker's councils existed in Poland during the interwar period from 1918 to 1919.⁶³² Joel Rogers and Wolfgang Streeck defined workers' councils as “*institutionalized bodies for representative communication between a single employer ('management') and the employees ('workforce') of a single plant or enterprise ('workplace')*”⁶³³ (Italics

⁶³¹ Kornai 1992: 461.

⁶³² Michal Federowicz and Anthony Levitas, “Poland: councils under communism and neoliberalism.” In *Workers Councils. Consultation, Representation and Cooperation in Industrial Relations*. Streeck W. and J. Rogers, eds. pp. 283-312 (Chicago and London: University of Chicago Press, 1995).

⁶³³ Joel Rogers and Wolfgang Streeck, “The Study of Works Councils: Concept and Problems,” In *Workers Councils: Consultation, Representation, and Cooperation in Industrial Relations*, edited by Joel Rogers and Wolfgang Streeck, pp.3-26, (Chicago: Chicago University Press, 1995), 4. They offered 8 elements in identifying works councils: 1) “*works councils represent all the workers at a given workplace, irrespective of their status as union members,*” 2) “*works councils represent the workforce of a specific*

added by the authors). Self-management is sometimes referred to as ‘workers democracy,’ ‘industrial democracy,’ and ‘labour democracy.’ In Poland, some studies refer to the idea of self-management as labour democracy,⁶³⁴ “to stress the predominant role of the working class in the whole system; and to make it clear that the relevant institutions apply not only to industry but also to the other areas of public economic activity.”⁶³⁵ The idea of self-management originated in socialist theory of workers’ leading role in management, in which “the state shall ‘wither away’ at some relatively distant date.”⁶³⁶ Socialism as a ‘process’ envisioned a ‘stateless/classless’ society that will eventually be ruled by workers as a final stage in the realization of communism.

Poland had a long tradition of self-management that developed over time and particularly at the times of crisis. Poland emerged after World War II with a total destruction of its economy, especially in Warsaw when Hitler ordered the eradication of Warsaw after its uprisings. Adding to that, Poland’s borders and population had changed, as discussed in the previous chapter, after the Yalta and Potsdam conferences. As mentioned in the previous section, the Socialist Party first emerged

plant or enterprise not of an industrial sector or a territorial area,” 3) “works councils are not ‘company unions,” 4) “being representative institutions, works councils also differ from management policies encouraging individual workers to express their views and ideas, as well as from new forms of work organization introduced to increase the ‘involvement’ of workers in their production task,” 5) “representative communication between employers and their workforces may be of all possible kinds and may originate from either side,” 6) “works councils may (the usual case) or may not have legal status,” 7) “works council structures vary widely across and within countries,” Lastly, 8) “works councils are not the same as worker representation on company boards of directors.” Ibid., 7-9. Italics added by the authors.

⁶³⁴ Federowicz and Levitas, refers to the idea of self-management as ‘industrial democracy,’ in their chapter “*Poland: councils under communism and neoliberalism*” in Streek W. and J. Rogers, eds, *Works Councils: Consultation, Representation and Cooperation in Industrial Relations*, pp.281-312 (Chicago and London: University of Chicago Press, 1995).

⁶³⁵ M. Blazejczyk, A. Kowalik, M. Trzeciak, J. Wacławek and Z. Rybicki, “Workers’ Participation in management in Poland,” *International Institute for Labour Studies*, no. 30(1978): 2.

⁶³⁶ Ibid., 3. For general overview of the idea of self-management, its ideological roots, its structure, see M. Blazejczyk, A. Kowalik, M. Trzeciak, J. Wacławek and Z. Rybicki, “Workers’ Participation in management in Poland,” *International Institute for Labour Studies*, no. 30 (1978).

in partitioned Poland, particularly in the part that was controlled by Russia. After liberation by the Polish and Red Army, Polish socialists found a window of opportunity to acquire political power that enabled them to enforce and implement their political and economic ideas. This opportunity was given to them by the involvement and support of the Soviet Union. Aside from the involvement of the Soviet Union, domestic factors represented by economic and political crisis, due to the destruction of Poland's economy in the World War II, played their part. The establishment of the provisional government and then the integration, albeit forced integration, of Polish Socialist Party and Workers' Party into one party, the PZPR, consolidated Soviet-model in Poland. It is important to note that the German occupation of Poland and Soviet involvement had led to "relative political confusion at the end of the war."⁶³⁷ When managers fled the country because of the war, "workers in dozens of factories in liberated Poland took social and economic transformation into their own hands. Small groups of workers began to defend, liberate, rebuild, and activate their factories in late 1944 as the German retreated from eastern and central Poland."⁶³⁸ With economic destruction caused by years of

⁶³⁷ Padraic Kenney, *Rebuilding Poland: Workers and Communists, 1945-1950* (Cornell University Press: Ithaca and London, 1997), 57. Kenney in his study about workers self-management in Poland after World War II, in two main cities in Poland, Łódź and Wrocław, said that in late 1944, "worker activities took advantage of the absence of local political forces in the liberation period and of the pressing need for immediate economic reconstruction; with the tacit approval of the nascent government, they ran their factories or chose new administrations. What began as a continuation of wartime worker resistance briefly promised to sprout into a foundation of worker's democracy but ended as a barely remembered forerunner of the workers' council of 1956-57 and 1980-8... the council movement challenged official ideas of factory nationalization; after defending and rebuilding their factories, workers were not likely to hand them over to the Soviets, the government, or a private employer." Ibid., 57-58.

⁶³⁸ Ibid.

war, workers formed their own “factory committees” (*Komitety fabryczne*), also called, “plant councils” (*Rady zakładowe*) to manage their own factories.⁶³⁹

As a result, the idea of self-management emerged in Poland in specific political and economic circumstances after the World War II. According to Maria Nawojczyk, the employee self-management, as an idea and social practice, was “a unique, Polish social, economic and even political phenomenon.”⁶⁴⁰ The idea of self-management has been advanced whenever there were any political, social, and economic crises.⁶⁴¹ Thus, this idea emerged again during the crisis of 1980-1988 and presented during the ‘roundtable’ as one among other alternatives to economic and political problems of Poland. The idea behind self-management, according to Witold Morawski, was expressing “the popular opinion that workers themselves should keep an eye on the welfare of the nation as a whole.”⁶⁴² Workers’ struggle to control their factories was always a subject of tension between the Party and workers in Poland. According to Federowicz and Levitas, workers were “progressively wrested from the Communist state the juridical rights to hire and fire managers; to control wages, profits and investments; and to veto decision over the sale, transfer, or privatization

⁶³⁹ Federowicz and Levitas 1995: 284.

⁶⁴⁰ Maria Nawojczyk, “Rise and Fall of Self-Management Movement in Poland,” *Polish Sociological Review* 4, no. 104 (1993): 343. Nawojczyk looked at the movement of self-management through the lens of social movements theories, in particular, resource mobilization theory of social movement. For her, self-management movement passed through three cycles, in which the idea rise and then decline/ disappear. The last cycle which is of interest of this dissertation was the period from the emergence of Solidarność movement and their emphasis of “self-governing republic.” Nawojczyk define self-management as “a system of opinions, beliefs, actions and even structures attempting to introduce new ways of managing the economy on the plant level.” *Ibid.*, 345.

⁶⁴¹ David C. Holland, “Workers’ Self-Management Before and After 1981,” In *Creditworthiness and reform in Poland: Western and Polish Perspectives*, ed. P. Marrer and W. Siwinski, pp. 133-142, (Bloomington: Indiana University Press, 1988): 133.

⁶⁴² Witold Morawski, “A Sociologist Looks at Public Opinion, Politics, and Reform,” In *Creditworthiness and reform in Poland: Western and Polish Perspectives*, ed. Paul Marrer and Włodzimierz Siwiński, pp. 93-102, (Bloomington: Indiana University Press, 1988): 100. In their survey, workers council occupied second place behind the church and a head of the Parliament and the government “as worthy of trust.” *Ibid.*

of their firms' assets”⁶⁴³ As will be discussed here, workers' management was central to workers' demands since the 1950s and onwards. Several attempts to decentralize the economy came along with the development of self-management idea, in 1956, 1970, 1976 and 1980. However, the imposition of martial law in December 1981, as Nawojczyk noted, destroyed the self-management movement and with transition to a market economy, the idea of self-management abandoned, because the government decided to adopt market capitalist economy instead.⁶⁴⁴

Nawojczyk identified three cycles/stages of the development of self-management in Polish history. *The first stage*, which started in 1948 and ended in 1950, is characterized as the period of 'restructuring' of the economy after the war. This stage of self-management began with workers' councils assuming a "decision-making role in the state-owned enterprises."⁶⁴⁵ During this period, self-management emerged spontaneously "in the form of employee councils and factory committees, were the first organizations fulfilling all managerial functions in the state-owned enterprises, they were not the state institutions, they were social movement units."⁶⁴⁶ At the same time, workers' councils operated "in the undoctinaire framework of the first Three Year Plan, which guided reconstruction without excessive centralization and encouraged decentralized and private initiatives."⁶⁴⁷ At this stage workers' councils were freely running their factories, but it was a short-lived experience with the idea of self-management that soon after diminished with the consolidation of communism in Poland.

⁶⁴³ Federowicz and Levitas 1995: 283

⁶⁴⁴ Nawojczyk 1993: 344.

⁶⁴⁵ Ibid.

⁶⁴⁶ Ibid.

⁶⁴⁷ Holland 1988: 133.

Self-management units were legalized on February 6, 1945 under the law entitled “on the institutionalization of the plant councils.”⁶⁴⁸ This Law gave legality to these workers’ councils and allowed enterprises/factories councils to control and supervise the activities of the enterprises. However, this period of legalization did not last for long. When the Communist Party ensured its hegemonic status by eliminating all opposition anti-communist movements, and after its merger with the Socialist Party into the new PZPR dominated by pro-Soviet communist, it turned its eyes to the economy and imposed centralization and collectivization of the economy.

At this stage:

The State Planning Commission was given absolute authority to construct comprehensive national plans which were to be implemented through a (theoretically) unified chain of command. State planners formulated aggregate material flows and financial balances for the entire economy. These balances were then broken down on a sectoral basis and distributed to some 20 branches ministries. The ministries in turn drew up targets for the 200-odd “central administrations” that directly supervised firms. The central administrations determined production targets, investment funds, wage norms, and prices for firms. They also named managing directors (drawn from Party list) and assigned firms their suppliers and buyers.⁶⁴⁹

The Party centralization and collectivization economic plan diminished the power of the workers’ councils in managing the economy. The economy was completely centralized and was under full control of government organizations. The workers’ councils traditional roles were transferred to and dominated by the Party. According to Nawojczyk, in the power struggle between the new bureaucratic administrative and political apparatus on the one hand, and self-management on the other, “central planned and controlled economy favored the interests of the growing

⁶⁴⁸ Ibid.

⁶⁴⁹ Federowicz and Levitas 1995: 287.

bureaucratic apparatus and the subordination of the grass-root self-management.”⁶⁵⁰

Thus, the idea of self-management itself was perceived as a threat to the monopoly of Party.⁶⁵¹ After the creation stage of the self-management movement, what Nawojczyk called the “decision making stage,” these workers councils were integrated within centralized trade union structures and lost their dominant role in managing enterprises, including the decision to elect and dismiss their enterprise manager.⁶⁵²

*The second stage,*⁶⁵³ began with the crisis of the year 1956 and the ‘de-Stalinization period, which ended in June 1980 with the dissolution of the last ‘employee council’ and the creation of a new institution, the “Conference of Workers Self-management.”⁶⁵⁴ The Conference of Worker’s Self-management in reality “had nothing to do with any self-management.”⁶⁵⁵ It was created to place the workers’ self-management councils under the control of the Party.

In June 1956, a new wave of workers’ protests, driven primarily by the economic crisis that had hit the country and which led to a massive shortage of basic goods. The workers demanded the reestablishment of workers self-management in enterprises. Workers formed their councils in coal mines, shipyards, and steel works

⁶⁵⁰ Nawojczyk 1993: 346. Nawojczyk noted that the period between 1949-1954 was dominated by the directive system of management, “within this new system, there was no space for any form of a grass-root movement, of an employee self-management. The employees became ‘shifted’ to the role of executors of the orders issued by the enterprise administration and were deprived of any decision-making authorities. During this period, due to the lack of available political resources, there is no participation of the employees in management. The opposition between the formal and highly centralized sphere on the one hand and the social movement sphere on the other hand became clear.” Ibid.

⁶⁵¹ Holland 1988: 133.

⁶⁵² Nawojczyk 1993: 346

⁶⁵³ Ibid.

⁶⁵⁴ Ibid.

⁶⁵⁵ Nawojczyk 1993: 345. Nawojczyk termed this period as “subordinated participation.” She noted that the number of workers council decreased tremendously from 6,000 workers council at the beginning of 1970s, to about 600 on the second half of 1970s, to only 6 worker’s councils in January 1980 and the last one dissolved in June of 1980. Ibid., 348.

without Party approval.⁶⁵⁶ The Party feared again the seizure of enterprises by workers and massive social protest and, therefore, promised to allow the formation of workers' councils.

The workers protests of October 1956 brought the idea of self-management into the fore again and clearly showed the workers' lack of trust in the official trade unions and the Party in general because of their repeated attempts to prevent workers from establishing their independent worker' councils in their factories. Once again "material conditions in Poland were demanding new ideas on how the economic system actually worked and ways to improve its effectiveness."⁶⁵⁷ It is notable that revisionists started their activities publicly during this time, as described earlier in this chapter. The major demand of the revisionist movement was to reform socialism system by 'returning to the source' and criticized the Party for the monopolization of economic management.

Władysław Gomułka's first period in power witnessed an increase rate of political liberalization and an intense public debate on ways to reform socialism. By May 1957, more than 3,300 workers' councils had been formed and the implementation of the idea of self-management had been partially realized, albeit for a very short period of time.⁶⁵⁸ Workers criticized the Party's centralization of the economy, and demanded drastic reform to ensure workers' autonomy in managing enterprises through workers' councils.

⁶⁵⁶ Federowicz and Levitas, 1995: 289.

⁶⁵⁷ Bruce McFarlane, "Micheal Kalecki: More Biographical Notes," *History of Economic Review* 18 Issue 1 (1992):137. After Kalecki return to Poland in 1955, "it was imbalance in the economy and physical bottle-necks in some productive sectors which pre-occupied him," Kalecki supported the idea of worker's councils in factories, Kalecki "while recommending more enterprise freedom and the participation of Worker's Councils in production and investment planning, the Charter (for reform) also insisted on the inviolability of the Full Employment objective and the need for considerable central controls over the rate and structure of national investment." Ibid., 137.

⁶⁵⁸ Federowicz and Levitas 1995: 289.

They went further and demanded the creation of a third house in the Parliament “to construct plans and to coordinate the economic activities of firms at the national level.”⁶⁵⁹

Workers’ demands coincided with the revisionist idea of reforming the socialist system. In other words, for revisionists, the idea of independent self-management would eventually correct socialism and bring it back to its origins, whereby social ownership of the means of production would be put in the hands of the society, not the state. The realization of an independent self-management, for revisionists, would lead ultimately to the realization of workers democracy, which was also called industrial democracy. In a similar vein, workers perceived the Party’s control over economic organization and its domination of managerial issues as contrary to the major idea of socialism. Thus, they demanded a reform plan to ensure workers’ autonomy from Party control over enterprises. Gomułka started a new economic reform plan by first establishing a New Economic Council to advise the Party in its New Economic Plan in 1956. Here, the role of Polish economists, in particular, Kalecki, Lange, and Brus, was very important in the New Economic Plan in reforming the economic system in Poland. During this period of time, “ideas about worker’s councils in factories and decentralization of the planning system were very much the subject of public discussion.”⁶⁶⁰ The new Economic Council headed by the above mentioned economists, stressed the importance of workers’ councils role in the Polish economy. As a result, the number of workers’ councils increased and the government had no choice but to legalize them under the Act of November 19. This Act, similar to the previous decree, stated that “the workers’ councils were the workers’

⁶⁵⁹ Ibid.

⁶⁶⁰ McFarlane 1992: 137.

staff representative organs, democratically elected and authorised to manage a state-owned enterprise on behalf of the staff.”⁶⁶¹

At the same year, the government started implementing an economic reform plan based on, 1) introduction of a market mechanism; 2) “parametric planning;” 3) and the delegation of much of the decision making to the enterprises, that is to say- involvement of workers in planning at the factory level.⁶⁶² Power struggles emerged again about who would control the economy, the workers or the Party. The Party won the battle over enterprise control. The Party perceived the rise of workers’ self-management as a political threat to their control over the management of the economy. Thus, they started a propaganda campaign, denouncing the workers’ movement toward self-management as having “anarcho-sindicalist tendencies.”⁶⁶³ The Party also perceived the independence of workers’ councils as a threat to Party control and to state socialism in general. The Party also accused workers who advocated the idea of self-management of wanting to abandon socialist principles.⁶⁶⁴ The state was threatened by the idea of self-management whereby workers assumed ownership of the means of production, which meant the abolition of state ownership and the gradual reduction of the state’s political and economic role and control.

The Economic Council plan to reform was based on the activation of workers councils and concentrated on the role of workers in the management of the economy. But,

⁶⁶¹ Michał Seweryński
http://www.seeuropenetwork.org/homepages/seeurope/file_uploads/poland_employeeinvolvement_sewerynski.pdf, P: 3.

⁶⁶² Holland 1988: 134.

⁶⁶³ Federowicz and Levitas, 1995: 290.

⁶⁶⁴ Ibid.

as noted by Holland “the recommendations of the Economic Reform Council were ignored and the workers’ councils were integrated into the Conferences of Workers Self-Management.”⁶⁶⁵ Włodzimierz Brus, for example, recalled that one of the Party members told him, during the interval meeting of the Economic Council in 1957, that “self-management representation above the enterprises is tantamount to the creation of a dual power system, aimed at challenging the leading role of the Party.”⁶⁶⁶ As stated above, workers’ councils lost their role in the management of the economy. The idea of self-management declined with the Party’s declaration of the Act of December 20, 1958 on Workers Self-management.⁶⁶⁷ Michał Seweryński, described the Act by stating that:

The 1958 Act was a step backwards in the evolution of the idea of worker participation in enterprise management in Poland. Moreover, conditions for according employees a broader scope of activities were worsening. The major reasons for the progressive decline of self - management were the comeback of central planning and management, and the constraints imposed on enterprises by decisions taken by the state bureaucracy.⁶⁶⁸

By 1958, the government had diminished the power enjoyed by the worker’s councils for a short period of time, and had assured its control over state enterprises. The Party formed a new entity, the Conferences of Workers Self-Management (*Konferencja samorządu robotniczego, KSR*), which assumed the role of workers’ councils run by factory directors, the head of the plant’s Party organization, and the chief union.⁶⁶⁹ The *KSR* formation “returned to the paternalistic patterns of the

⁶⁶⁵ Holland 1988: 134. Holland mentioned that there were only five workers councils by 1980.

⁶⁶⁶ Włodzimierz Brus, “The Political Economy of Reform,” In *Creditworthiness and reform in Poland: Western and Polish Perspectives*, ed. P. Marrer and W. Siwinski, pp 65-80 (Bloomington: Indiana University Press: 1988): 67.

⁶⁶⁷ Michał Seweryński

http://www.seeuropenetwork.org/homepages/seeurope/file_uploads/poland_employeeinvolvement_sewerynski.pdf, P:4.

⁶⁶⁸ Ibid.

⁶⁶⁹ Federowicz and Levitas, 1995: 290.

past,”⁶⁷⁰ and retained Party control over the management of the economy. The government activated the idea of self-management to appease workers and then it gradually retained its control over the management of state enterprises. When the government increased the price of consumer goods in December 1970, new waves of strikes erupted with workers from the Coast. Here a new goal emerged from the workers’ protests. Workers demanded the creation of independent trade unions because of their negative experience with workers’ councils previously when the government had integrated workers’ councils under Party control.⁶⁷¹ The government used its foreign credits to stimulate the economy and to try to solve the shortage in consumer goods. It also increased workers’ wage in an attempt to contain and absorb workers’ dissatisfaction. The government again in 1976 increased the price of consumer goods, which led, as before, to another wave of political and economic crisis. Workers strikes again erupted and spread all over Poland. The government used force and violence to repress workers’ protests. As a result *KOR* was formed in 1976 in defense of workers, and the Baltic Free Trade Unions was founded in 1978.

The third stage in the development of the idea of self-management started with the emergence of the Solidarność Trade Union and ended with the implementation of the ‘Balcerowicz Plan’ economic reform in 1990.⁶⁷² Once again, the emergence of the self-management idea in 1980 came as a result of an economic and political crisis. This time the economic crisis was deeper than before, and again it started when the government increased the price of consumer goods. Strikes erupted in Gdansk and spread throughout Poland coastal resulting in the creation of

⁶⁷⁰ Ibid.

⁶⁷¹ Ibid., 291.

⁶⁷² Nawojczyk 1993: 345.

an Inter-factory Strike Committee. The major demand for workers was the reactivation of authentic self-management through workers' councils and the legalization of independent trade unions. The following quote illustrates MKS' main goal and workers' relations with the Party:

MKS declares that it will respect the principles laid down in the Polish Constitution while creating the new independent and self-governing unions. These new unions are intended to defend the social and material interests of the workers, and not to play the role of a political party. They will be established on the basis of the socialization of the means of production and of the socialist system which exists in Poland today. They will recognize the leading role of the PUWP in the state, and will not oppose the existing system of international alliances.⁶⁷³

Intellectuals played pivotal role in supporting workers' 21 demands (discussed in previous chapter), acting as advisors to the workers. Intellectuals also helped to disseminate information about the strikes to Western media. Many scholars argued that this was the first time that workers and intellectuals were united under a common goal. It is important to note that the idea of self-management was presented as part of the 'roundtable' agreement, however, it was abandoned after the government made the decision to drastically restructure Poland's economic system from an administrative planned economy to a market economy through the implementation of the 'Balcerowicz Plan.' According to Micheal Federowicz and Anthony Levitas, "when Communism finally collapsed in Poland, the same reformers who had earlier fought for the councils now abandoned them: once the councils had fulfilled their political role in helping to destroy the old regime, all ideas about their past or future economic significance were forgotten."⁶⁷⁴

⁶⁷³ Oliver MacDonald, *The Polish August: Documents from the Polish Workers' Rebellion, Gdansk* (Left Bank Books, 1981), 102-103.

⁶⁷⁴ Federowicz and Levitas 1995:284.

Solidarność, as we will see in chapter six, shifted away from the idea of self-management to the idea of a free market economy when political transition create a condition favorable to the Poland return to capitalist system. For Solidarność, restoring capitalist system was a precondition for a “normal market economy” and “normal European property rights.”⁶⁷⁵

The affinity between Solidarność and the idea of ‘Self-management’

Labor democracy “is not a system of rights and relationship which could come into full operation immediately after a revolution,”⁶⁷⁶ however, “it is an evolutionary process for the effective operation and use of its institutions which cannot but depend upon workers’ level of development, their awareness, and their qualification.”⁶⁷⁷ Self-management was seen as an important factor in strengthening the role of workers in the management system of the national economy and creating labor democracy. The realization and implementation of self-management have been seen as a process. This process involves workers and the government. The workers gradually take over the management of the economy and the state will loosen its

⁶⁷⁵ Ibid., 295. Federowicz and Levitas argued that “most of the country’s leading economists agreed that real reform depended on the rapid privatization of state sector. This consensus marked a profound movement away from the ‘third road’ ideas that many of these same economists had implicitly or explicitly expressed in earlier years. Indeed, the most aggressive architects of Poland’s neoliberal transition strategy came from the same circles that had spearheaded the employee council movement within Solidarity during the 1980s, particularly those associated with Siec.” Ibid., 295-6. They named in their footnote (15) Leszek Balcerowicz, Stefan Kawalec and others as the most advocate of self-management who changed their ideas. Ibid., 296. For an excellent discussion for European works councils, see an edited book by Joel Rogers and Wolfgang Streek, *Works Council: Consultation, Representation, and Cooperation in Industrial Relations*, other cases included in this book are Germany, Spain, Netherlands, Spain, France, Sweden, Italy, the United States and Canada, and Poland. Other studies about workers councils in Poland include, the work by Roman Laba about worker councils in Poland prior to the emergence of Solidarność, see Roman Laba, *The Roots of Solidarity: A Political Sociology of Poland’s Working-Class Democratization*, (Princeton: Princeton University Press, 1991).

⁶⁷⁶ M. Blazejczyk, A. Kowalik, M. Trzeciak, J. Wacławek and Z. Rybicki, “Workers’ Participation in management in Poland,” *International Institute for Labour Studies*, no. 30 (1978): 19.

⁶⁷⁷ Ibid.

control over the organization of the economy for the creation of workers/labor democracy. This is what is envisioned by the idea of self-management.

In Poland, the government responded to economic crisis and political stalemate by activating the idea of self-management to absorb workers' anger and stop further strikes. We saw in 1956 and 1980, a partial application of the idea of self-management in which the government temporarily allowed the creation of self-management through workers' councils. In every crisis, the government resorted to self-management as a solution in which workers participation in their enterprise "converts the workers from 'managed' to managers,"⁶⁷⁸ and thus distracted workers from pressing for political change.

The self-management idea stemmed, as mentioned earlier, from the principles of socialist ideals. In other words, self-management was a model that inspired workers to strive for labor/workers democracy,⁶⁷⁹ in which workers have the right to manage, elect the managers, supervise, and direct the affairs of their enterprises without interference from upper administrative bodies, through the creation of workers councils. The problem with this idea of reform in state socialism was that it did not lead to real democratic transformation in the workplace because the existing system that monopolized all aspects of people's lives. Yugoslavia's model of self-management has been presented as a successful model of self-management.⁶⁸⁰

⁶⁷⁸ Ibid., 3.

⁶⁷⁹ It also called social democracy because it built on the idea of social ownership instead of state ownership, as mentioned previously.

⁶⁸⁰ Yugoslavia model of socialism was associated with the idea of self-management. By 1965, in Yugoslavia, the realization of the idea of self-management came after student strikes, when the government reforms initiatives went under attacks from students who argued that these reforms are taking the country toward consumerism rather than socialism. According to economist, Branko Horvart, Hungarian reforms "made the socialist Yugoslav economy and its firms more closely correspond to neoclassical models and to

According to Johanna Bockman, Yugoslavia's experience of democratic socialism, was "an innovative experiment in socialism based on workers self-management, decentralization, the markets, and the social ownership of the means of production,"⁶⁸¹ and the role played by Yugoslavian economists who "changed the world to fit their theory. Through nonaligned movement and transnational neoclassical economics, the Yugoslav experiment became a global socialist model,"⁶⁸² but it did not last for long as the Yugoslavian model "came under attack in Yugoslavia itself."⁶⁸³ Similarly, the idea of self-management in Poland lost its primacy as in many Eastern European socialist countries by the late 1980s. It may be noted here that Yugoslavian model of decentralization, which involved the reduction of the power of the central planning and reliance on self-management, had many defects. Tadeusz Kowalik argued that "Yugoslavia is more reminiscent of 'the type of liberal market economy envisioned by Adam Smith than is the case in any country in Western Europe,'"⁶⁸⁴ thus for Kowalik, this model of self-management was not consistent with Oskar Lange (originator of the idea of market socialism). The main reason for the failure of Yugoslavia's model of self-management model was because it attempted to reconcile "self-management with the leading role of the Communist party."⁶⁸⁵

rational behavior than capitalist economies or firms did." Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford: Stanford University Press, 2011), 164.

⁶⁸¹ Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford: Stanford University Press, 2011), 104.

⁶⁸² Ibid.

⁶⁸³ Ibid.

⁶⁸⁴ Tadeusz Kowalik, "Oskar Lange's Market Socialism: The Story of an Intellectual-Political Career," *Dissent* (Winter 1991): 94.

⁶⁸⁵ Ibid.

The emergence of the Solidarność trade union was associated with the revivalism of the idea of self-management in Poland. After several strikes and episodes of workers' protests in the late 1970s, a major breakthrough event took place in August 1980 which also contributed to the emergence of the Solidarność trade union. In August 1980, workers' strikes spread throughout Poland and led to stoppages in production in major factories and railways, which paralyzed Poland's economy. These strikes forced the government to negotiate with the MKS (Inter-factory Strikes Committee) (see previous chapter for a detailed analysis of the birth of Solidarność). The strike committee represented twenty major state-run enterprises in Gdansk.⁶⁸⁶ Looking for legal recognition from the authority, Solidarność first demand was the legalization of trade unions. Solidarność first statement Bulletin reads: "without independent trade unions all the other demands can be ruled out in the future, as has happened several times in the short history of the Polish People's Republic. The official trade unions have not only failed to defend out interests: moreover, they have been more hostile to the justified strike action than the party and state organs."⁶⁸⁷

Solidarność's emergence in August 1980 was thus a "cry for freedom of association for workers had been heard before in Communist Poland, but never as resonantly as from Gdansk and other industrial centers in August of 1980."⁶⁸⁸ Self-management was at the core of Solidarność's ideology in August 1980. The Solidarność trade union asserted in its program the right for an autonomous trade

⁶⁸⁶ Robert A. Senser, "How Poland's Solidarity won freedom of association," *Monthly Labor Review* (September 1989): 34.

⁶⁸⁷ Persky and Flam 1982: 81.

⁶⁸⁸ Senser 1989: 34.

union away from the control of the government. According to Domenico Mario Nuti, Solidarność assumed three roles in society, 1) as a political opposition to the Party; 2) “a militant Western-type union whose demands are sometime incompatible with the exigencies of economic recovery;” 3) and as a “genuine socialist-type union demanding responsible partnership in economic management.”⁶⁸⁹ After intense negotiations between Solidarność and the government on August 31, the strikers and the government reached an agreement that recognized the right of Polish workers to form independent trade unions.⁶⁹⁰

Self-management was one of the major demands declared in the Solidarność program in 1981, which reads in part:

Public life in Poland requires deep reforms which should lead to the definitive establishment of self-government, democracy and pluralism. For this reason, we shall struggle both for a change in state structures and for the development of independent, self-governing institutions in every field of social life. Only such a course can guarantee that the institutions of public life are in harmony with human needs and the social and national aspirations of Poles. Such changes are also essential if the country is to find a way out of the economic crisis.⁶⁹¹

Solidarność presented their program as the only solution to the economic crisis that erupted in the late 1970s. In its resolution, adopted on October 7, 1981, Solidarność stressed the need to reform the economic system through “self-management and democracy,” by “abolition of a centralized management of the economy and separating bodies of economic administration from political

⁶⁸⁹ Domenico Mario Nuti, “Poland: Economic Collapse and Socialist Renewal,” *New Left Review* no. 130 (1981): 27.

⁶⁹⁰ To see the whole Gdansk Agreement refer to Stan Persky and Henry Flam, *The Solidarity Sourcebook*, (New Star Books Ltd, 1982), pp: 93-100.

⁶⁹¹ Persky and Flam 1982: 213.

authority.”⁶⁹² The idea of a self-management reform “was a foundation of the proposal of economic reform, put forward by Solidarity.”⁶⁹³ Workers’ deprivation in managing their enterprise forced Solidarność to demand the activation of the idea of self-management, without challenging the government.

As mentioned before, Solidarność took an anti-politics position in which it distanced itself, at the beginning, from challenging the political monopoly of the Party. Thus, for Solidarność, the idea of self-management was a step to reform the economic system and then gain the independence of workplace from the monopoly of the Party and, in particular, from the *nomenclatura*. Thus, they demanded the elimination of the *nomenclatura*, which for them represented a class by itself that monopolized the state apparatus. A Solidarność newspaper articles published in November/ December in Szczecin, discussed the role of workers in socialist system in which it highlighted problems with the Party’s role in Poland and its control over the means of production. The article reads: “theoretically, under socialism the means of production should be held in common ownership by those who actually use them, that is, the working class.”⁶⁹⁴ For Solidarność, the means of production in socialism supposedly should be controlled by the working class, and should not be part of state property. State ownership of the means of production deprived workers from

⁶⁹² *Warsaw PAP*, “Solidarity Program Resolution Summary, Reaction.” FBIS-EEU-81-196. P: 4. The basis of a “Self-Governed Republic,” composed of a “genuine and freely elected workers’ and territorial self-government bodies.” Ibid.

⁶⁹³ Nawojczyk 1993: 349. Nawojczyk added that “the Solidarity mass movement aimed at the building of a civil society without a private ownership of means of production (except agriculture), at the re-negotiation of relations between the state and civil society within the frameworks of a kind of socialized economy.” Ibid.

⁶⁹⁴ Persky and Flam 1982: 127.

controlling their means of production, and thus “the world of working people now demands the proper return of this illegally acquired ownership [by the state].”⁶⁹⁵

Solidarność’s social power relied on its nature as a representative of a “cultural- political class.”⁶⁹⁶ Solidarność built its economic and political agenda on the idea of human rights and social justice. It avoided directly challenging the power of the Party. A clear indication can be seen through their program of self-government after their legalization in November 1980, in which they focused on economic reform, with only a brief reference to political reform, at the start, then they urged for comprehensive reforms.⁶⁹⁷

Solidarność was already well aware of government attempts to pass its own version of the idea of self-management to protect its bureaucracy, in particular to

⁶⁹⁵ Ibid., 128.

⁶⁹⁶ Jan Kubik, *The Power of Symbols against the Symbols of Power: The Rise of Solidarity and the Fall of State Socialism in Poland* (University Park, Pa., 1994), 235-38.

⁶⁹⁷ Tadeusz Fiszbach, PZPR Central Committee member and first secretary of the PZPR Vovioship Committee in Gdansk in his article, *In the Face of Great Trial* summarized the situation in Poland during the Gdansk strike as the following: “the current social conflict is a dramatic conflict because it has arisen out of the working people’s deep discontent with working conditions and with the manner in which our national economy is managed, although our party’s entire post-December policy has out to meet the people’s expectations and aspirations in this regard. The divergence between the party’s programmatic goals and the actual living standards and the actual rate of socioeconomic development has many reasons, which are and will for a long time be subjects of penetrating evaluations by the party and the extensive concern of the people. However, we can and should even now answer the question of *what was the direct and decisive reason for the strikes* that many workers have continued for a few weeks now and that assumed such proportions and acute character in the coastal region. *The obvious deterioration of the quality of life in the past few years and the increasingly difficult working conditions were the reason.* The deterioration produced certain social and psychological consequences which reached a critical point in recent months. *A factor that triggered off the accumulated emotions and thus caused the strikes was a lack of convincing solutions with regard to living conditions and the decisions to expand the commercial sales of meat. These decisions coincide with price hikes of many goods and services of crucial significance for satisfying the still modest daily needs of the working people.* Increased cost of living; the persistent shortage of many foodstuff and industrial goods, including drugs and medical articles, for many years; and a limited supply of many durables and services have coincided in the tri-city area with a particularly difficult housing situation, this has been brought on by the fact that the rate of housing construction in our region is below the national rate, by frequent and very troublesome disturbances in passenger transportation and by serious shortage of vacancies in nurseries, kindergartens and hospitals.” *Warsaw POLITYKA*, “PZPR’s Fiszbach Highlight Reasons for Gdansk Strikes.” FBIS-EEU-80-30. P: 18. Italics added. To see the full article, return to the same FBIS report under the heading “PZPR’s Fiszbach Highlight Reasons for Gdansk Strikes.” FBIS-EEU-80-30.

protect the *nomenclatura* and keep its monopoly in managing enterprises. After the first Congress, Solidarność adopted a program consisting of seven chapters, discussed before.

In September 25, 1981, the *Sejm* created a new committee of employees' self-management to discuss the issue of self-management. It comprised of 29 deputies and was chaired by Adam Lopatka.⁶⁹⁸ One of the main roles assigned for this committee was to draft a law for the self-management idea agreed upon with Solidarność in late August 1980.

Delegates in the first Solidarność Congress urged the *Sejm* to pass a law of self-management drafted by Solidarność, in which it adopted a vision of workers' demands by holding a referendum "on the terms of reference of the self-management."⁶⁹⁹ The resolution at the Congress also stated that "the union will not

⁶⁹⁸ *Warsaw PAP*, "Self-Government Committee." FBIS-EEU-81-187. In his speech, taken literally from FBIS translated report, Adam Lopatka, said: "the Sejm today stands face to face with decisions which will profoundly shape the fate of our nation. For in passing the draft laws on state enterprises and on the self-government of workforces in state enterprises, it will make a decisive contribution to the implementation of socialist renewal in the sphere of the economy and the development of socialist democracy. By passing these fundamental laws, the conception phase of the economic reform will be completed. The legal bases will be created for the phase implementation of this reform. The process of its further statutory shaping in the sphere of planning and statistical accounting, in financing and taxation, the creation and exploitation of funds and the determination of prices will be opened... the principle of self-government of the enterprises has found expression in Article 4 in the draft law which proclaims that the organs of the self-government make decisions independently and organize activity with regard to all the matters of the enterprise, in accordance with the regulations of the law and in order to fulfill the tasks of the enterprise... the self-governing character of the enterprises will also be reflected in the regulation covering the liquidation of the existing associations of state enterprises on the principles, and according to a procedure, determined by the Council of Ministers...the self-government which will be created by the bill will be incomparably more extensive than the self-government established by the law on worker's self-government of 20, December 1958 which is in force at present. It will be as it is being put, *a genuine self-government with extensive powers and will bear, as a result, an enormous responsibility for the fate of the enterprise; it will enable workforces to take into their hands the most important matters pertaining to the enterprise; it will facilitate the development of a broad stratum of economic activities in self-government.*" Italics added, *Warsaw Domestic Service*, "Lopatka Speech at 24 September Sejm Session." FBIS-EEU-81-186. Dated 24 September 1981. P: 8.

⁶⁹⁹ Delegates in this congress warned the *Sejm* from adopting the vision imposed by the government on self-management Law. For them, workers idea of self-management based on the ability of the workers to select, recall and fire the manager of the enterprise without any involvement from the government. *Warsaw Domestic Service*, "Debate on Self-Management." FBIS-EEU-81-174. P: G1.

stop fighting for genuine self-management and will also defend its members from bearing the costs of reform not approved by society. It will conduct this struggle by all means at its disposal. We stress with full strength that if a law basically different from the will of the factory crews is adopted, the union will have to boycott the law and to take steps ensuring unrestricted operation of genuine self-management.”⁷⁰⁰

Workers major aim was to demonopolize the management of the economy and instead of the state that govern this process of management, workers should have the right to manage their enterprise. Therefore, the role of the state is secondary in the economy, while workers hold the upper hand in managing the economy.

Kornai explained why workers are advocating self-management under the socialist system in the following words:

Under the socialist system there are wholehearted believers in self-management who are sincerely convinced that it is a fuller and more substantive form of democracy than “formal,” “bourgeois” parliamentary democracy. But there also appear in the reform movements backers of self-management who see it more as an advantageous tactical move, a temporary “forced substitute” for real parliamentary democracy. They think that partial or total self-management is still better than full covariation of the undivided power of the party-state.⁷⁰¹

Self-management were perceived by workers as the only out of economic crisis.

In addition, the creation of self-management will lead to the development of social

Andrezj Jelenski during the announcement of the resolution about the self-management said about government draft law on self-management: “passing a draft which would be contrary to the will of the workforce will bring about an exacerbation of tension, will make it more difficult to get out of economic ruin and will cause a complete collapse of the community’s confidence in the Sejm. *Acting in this manner, the Sejm would miss the historical opportunity for carrying out democratic reform and the community would face the problem of embarking on independence actions.* The delegates to the first NSZZ Solidarity congress state that the union will not stop fighting from an authentic self-management and will firmly defend its members from paying the costs of a reform that has not been accepted by the community. We will wage this struggle with all means available to us.” Ibid. Italics added. To see fuller discussion of the report, return to the same translated report of 1981, under the heading “Debate on Self-Management.” Number FBIS-EEU-81-174. P: G1.

⁷⁰⁰ Warsaw PAP, “PAP Details Proceedings.” FBIS-EEU-81-174. P: G5.

⁷⁰¹ Kornai 1992: 465.

democracy. The table below represents the government's draft proposals on self-management and Solidarność's draft law on self-management in 1981, reported in Domenico Mario Nuti article, *Poland: Economic Collapse and Socialist Renewal*. The government and Solidarność settled on a compromise - which many of Solidarność's members rejected - that allowed the government to approve the selection of the managers of the enterprises and Solidarność to elect them.

Table 4.3: comparison between the Government and Solidarność on draft law on Self-management:⁷⁰²

Government Draft Law on State Enterprises	Siec Draft Law on Social Enterprises
1. Ownership	
<p>Art. 1(1). The <i>state</i> enterprise is the fundamental organizational unit of the national economy . . .</p> <p>Art. 1 (2). As independent economic organisation, possessing legal personality, the enterprise <i>contains its workers and the shared part of national assets</i> . . .</p> <p>Art. 33(1). The founding organ . . . <i>endows the enterprise with the means</i> necessary for conducting the activity defined in the legal document of its foundation.</p> <p>Art. 33(2). The enterprise <i>manages the assets attributed to it, representing part of the national assets</i>; ensures their protection and acts according to the requirements of economic effectiveness . . .</p>	<p>Art. 1. The <i>social</i> enterprise is the fundamental organizational unit of the national economy, conducting independent activity on the principles of economic accounting, endowed with legal personality, <i>owning part of national assets</i> and managed by organs of workers' self-management.</p> <p>Art. 6(1). The organ founding the enterprise <i>transfers to it the ownership (przekazuje) of part of the national assets</i>.</p> <p>Art. 6(2). The enterprise workers (<i>zaloga</i>) through their self-management organs <i>have the exclusive disposition of enterprise assets</i>.</p>

⁷⁰² Domenico Mario Nuti, "Poland: Economic Collapse and Socialist Renewal," *New Left Review* 133 (November-December 1981), Table 1, page 31-32. Original source as reported in Nuti study: *Projekt ustawy;—o przedsiębiorstwach państwowych;—o samorządzie załogi przedsiębiorstwa państwowego*, RPKdsRG, 1981; *Siec, Projekt ustawy o przedsiębiorstwie społecznym*, 1981. Italics added by the author.

2. Director's Appointment and Dismissal	
<p>Art. 26(1). The director of an enterprise is <i>appointed and dismissed by the founding organ, with the agreement of the Workers Council</i> of enterprises. The Workers Council of the enterprise <i>expresses its evaluation</i> of candidates within two weeks.</p> <p>Art. 26(2). The Workers Council can <i>present a candidate or candidates</i>. Candidates <i>may</i> be selected by means of a competition.</p> <p>Art. 28. The Workers Council can present to the founding organ a <i>motivated request for the dismissal of the enterprise director</i>.</p>	<p>Art. 42(1). The director is <i>appointed by the Workers Council by means of public competition</i>.</p> <p>Art. 42(3). The director can be <i>dismissed by the Workers Council</i> before the end of his tenure in case of his annual report not being approved.</p> <p>Art. 42(4). The director can be <i>dismissed also by a referendum of enterprise workers</i>.</p>
3. Management	
<p>Art. 25(1). <i>The director of state enterprise manages the enterprise</i> and represents it externally. Art. 25(3). <i>The director of state enterprise, acting on the basis of legal prescriptions, takes independent decisions on enterprise questions and bears responsibility for them.</i></p> <p>Government Draft Law on Workers Self-Management:</p> <p>Art. 22. The enterprise Workers' Council takes decisions on the following questions:</p> <ol style="list-style-type: none"> 1. <i>approval</i> or changes of the pluriannual or annual plan, acceptance of annual report, confirmation of the budget, investment, approval and changes of enterprise statute, . . . , building of plants, creation, disposal and utilisation of recreational, cultural and social assets . . . 2. <i>agreement</i> on appointment and dismissal of enterprise director . . . 3. <i>approval</i> of change of direction of enterprise activity, the division of income proposed by the director . . . the principle of its distribution . . . 	<p>Art. 10(1). The enterprise <i>is managed by its workers (zaloga) through their organs of self-management</i>.</p> <p>Art. 36. The enterprise director is the <i>executor of the decisions of organs of workers self-management</i>.</p> <p>Art. 19. The competence of Workers' Councils include:</p> <ol style="list-style-type: none"> 1. <i>decisions</i> on the fundamental directions of economic activity and development of the enterprise; 2. the approval of plans of enterprise activity; 3. the approval of the <i>organisational structure of the enterprise</i>; 4. <i>decisions</i> on income distribution; 5. <i>the appointment and dismissal of the enterprise director</i>; 6. the assessment of candidates for the posts of vice-director and chief accountant;

<p>Art. 23(1). The Workers' Council's <i>right to express an opinion</i> on all questions concerning the enterprise or its management.</p>	<p>7. <i>decisions</i> on the change of production profile;</p> <p>8. decisions on the acceptance of the yearly budget and assessment of results, and the approval of the director's report;</p> <p>9. <i>decisions</i> on economic agreements and cooperation contracts with other enterprises;</p> <p>10. the conclusion of <i>agreements</i> with state organs on mutual cooperation;</p> <p>11. <i>the determination of principles of employment policy</i>;</p> <p>12. the determination of work rules;</p> <p>13. <i>control of the totality of enterprise activity</i>;</p> <p>14. election of the Chairman and presidium of the Workers' Council;</p> <p>15. decisions on <i>acquisition and disposal of fixed assets</i>;</p> <p>16. decisions on social welfare and cultural activities;</p> <p>17. <i>decisions on import–export contracts</i>;</p> <p>18. the approval of motions on government directives;</p> <p>19. <i>the control over enterprise means of information</i>.</p>
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Note that, Solidarność refer to the enterprise as a 'social enterprise,' instead of 'state enterprise' to assert the role of worker in the management of the economy, and to confirm their rejection to government monopoly over the management of enterprise.

Solidarność first and only Congress in 1981

As stated clearly, the idea of self-management was at the core of Solidarność's doctrine. Workers' participation through workers' councils was the major demand of Solidarność in August 1980. One of the major goals to be achieved through self-management idea was to enable workers to manage their own enterprise. Thus, when the agreements was signed after the August strikes, Solidarność developed this idea further and presented its proposal against the government draft proposal on self-management, (see Table 4.3). In its first and only Congress before government declaration of martial law in December 1981, Solidarność argued that the major cause of the current economic crisis was government policies, and thus, presented the idea of self-management as the only solution at its National Congress in 1981 and as the core of its economic program. Solidarność Program adopted in October 1981, stated that:

The roots of the present crisis lie deep in the economic and political system, and the way in which the authorities, ignoring the needs of society, have blocked all reform projects and squandered huge foreign loans. The crisis began to worsen in the mid-seventies, reaching a climax last year as a result of the government's incapacity to promote major changes. Faced with economic catastrophe, the government has announced a program to combat the crisis and restore economic stability. The union does not support this program, which only partially makes use of our economic resources and does not inspire the confidence of society... *we demand that, at every level of leadership, a democratic self-management reform should enable the new economic and social system to combine planning, autonomy and the market.*⁷⁰³ (Italic added)

⁷⁰³ Persky and Flam 1982: 208. Note here, Solidarność emphasized on the need to cure the economy through workers participation by giving them the freedom to manage their enterprises. At the same time, Solidarność asserted that there is a need to introduce market mechanism with central planning as a way out of economic and political crisis the country is suffering from.

Self-management in an enterprise means “making its employees and their representatives, the workers’ council, the highest managing authority,”⁷⁰⁴ and the “organizational and official dependence of the managing directors of enterprises on the state administration and party *nomenklatura* must be eliminated and a principle must be introduced that only the workers’ council may appoint and recall a managing director,”⁷⁰⁵ and the director major responsibility is to carry out workers’ council decisions. Workers’ council are supposed to be elected freely and through a secret and universal ballot because “the demands for equality and social justice have served Solidarność as a focal point for a new labor identity and social conscience, in opposition to the privilege and corruption of the regime.”⁷⁰⁶

Solidarność’s First Congress (see chapter three for the major discussion points) was held over several days from September and October of 1981. Its major goal was to proceed with the structural organization of Solidarność and to elect its chairman through democratic means. In addition, it discussed thoroughly the idea of self-management and published a draft law detailing their proposed idea, which, as a result, created major tension between Solidarność and the government. The debates at the Solidarność Congress revolved around the idea of an independent self-management and comprehensive social and economic reforms. Due to the economic crisis in the late 1970s, which was exacerbated by the government’s failure to introduce an economic reform plan to cure the economy, Solidarność proposed the idea of self-management to eliminate and reduce the power of the *nommenklatura*

⁷⁰⁴ Ibid., 182.

⁷⁰⁵ Ibid.

⁷⁰⁶ Henryk Flakierski, “Solidarity and Egalitarianism,” *Canadian Slavonic Papers* XXV, no.3 (September 1983): 383.

and incentivize the economy through self-management and self-financing enterprises.

During the same period of time, the government had initiated a media campaign against Solidarność's intentions to illegitimize their activities in the public eyes. As mentioned above, repeated economic crises had built a wall of mistrust between the government and workers. Solidarność clearly declared its firm stand for decentralization of economic and political power and delegate power from the state to local government and workers' councils. Solidarność did not demand political reforms during the first month of its legalization, but during its first Congress, Solidarność called for free elections which was perceived by the government as an attempt to destroy the socialist system. Solidarność's reform ideas stemmed from Oskar Lange's "formula of central planning linked to decentralized management,"⁷⁰⁷ and also built on the idea of W. Brus's "model of a planned economy with a built-in market mechanism."⁷⁰⁸ Solidarność perceived Yugoslavian self-management as a successful model that could be imitated in Poland. Solidarność also insisted on the need "to break the back of the bureaucratic structure"⁷⁰⁹ which it regarded as the main cause of Poland's economic and political crisis. For Solidarność, the structure of ownership should transfer from the hand of the state to the hands of the workers who supposedly - in socialist thinking- control the means of production.

Mieczysław Gil, an editor at *Głos Nowej Huty* paper,⁷¹⁰ chairman of the Malopolska Inter-factory Founding Committee and KKP representative, discussed

⁷⁰⁷ Flakierski 1983: 385.

⁷⁰⁸ Ibid.

⁷⁰⁹ Ibid., 386.

⁷¹⁰ Persky and Flam 1982:190.

Solidarność's proposal for self-management and the government's draft proposal and reaction to the idea in an interview with Maria Paluch in 1981, see the box below.

Box 4.2: Interview with Mieczysław Gil⁷¹¹

Paluch: Why did you back out of official talks in self-management?

Gil: because of the government won't hear of self-management having the power to elect directors.

Paluch: it is understandable to the extent that the government wants to preserve *nomenklatura*.

Gil: that has to go. If only for the fact that it isn't legally sanctioned. Apart from that, the idea of electing directors by self-management absolutely rules it out.

Paluch: How do you think the government will react to your resolution?

Gil: it will have quite a frog to eat.

Paluch: what will be the effect of eating it?

Gil: Perhaps the government will realize that there is no need for a referendum and work out a proposal that will satisfy social needs.

Paluch: Do you mean your proposal? Are you sure it reflects expectations of society?

Gil: I know that my stand on the issue is supported by the crew of the Lenin Steel Works, that is, 39,000 people, and by the delegates who voted for the concept was ready on the first day of the congress, and a resolution was worked out on the second day. The presidium, however, began with work on the union statue, and not on the issue society is looking forward too.

Pauch: Why do you insist so much that the issue of self-management is crucial?

Gil: Because there is *no other way to motivate the working people. They don't trust anyone*. Our only chance is in self-management and independence

⁷¹¹ Ibid., 190-192. Italics added for the names.

of work establishments. This will eliminate arbitrary decisions by social and political leaders. I think that economic mechanisms are the basic instruments of stimulation, and the government can make use of them too.

Pauch: So, after 36 years, you're introducing economics to the Polish economy?

Gil: That's right, and we must do it firmly and quickly. *This time, self-management has to be genuine. Since the end of the war we have tried to introduce self-management twice already. And twice on the grounds of ideological assumptions, it was decided that the party should have a leading role in it. That killed the whole concept....*⁷¹²

Pauch: How do you reconcile self-management of enterprises with the idea of central planning?

Gil: We shall surely set up a planning committee. The idea of planning will be different from the current one, that is to say, there will be no distribution of tasks among individuals departments. The committee will map out trends for the development of the county. It will also decide preferences for certain sectors of the economy, based on social reasons. This problem, as well as others, has received wide treatment in our proposals and all unionists will undoubtedly learn from them.

Pauch: coming back to self-management. Have you, for instance, worked out rules concerning elections of directors? There are different ways of doing it, depending on the country.

Gil: let's stop being so dogged about this detail. We very well remember the effects caused by *nomenklatura* that the party so ardently defends. The choice of a director has to be in the powers of the workers' council. The candidates have to compete for the job. Several election processes have already been worked out, and several directors have been elected just this way. This is no problem. Self-management should also have the powers to map out directions for an enterprise's development. This simply is the only chance for our economy. In this way the masses of the people will be truly involved in what we want to do in this country. *He who wants to knock down the concept of self-management is making a major error for the nation.*⁷¹³

Note: (Italics sadded).

⁷¹² To read the whole interview, see Persky and Flam 1982: 190-192. I skipped few questions and quoted relevant question about self-management idea and the position of the government and Solidarność.

⁷¹³ Persky and Flam 1982: 190-192.

An examination of this interview reveals the points of disagreements between the government and Solidarność in regard to the activation of self-management through workers' councils. As mentioned before, the government before the rise of Solidarność activated the idea of self-management but was temporarily, as the above interview showed. The government in each time diminishes the role of workers in the management of the enterprise gradually. Thus, the principal demand for Solidarność is the creation of authentic self-management that would ensure the involvement of workers in economic management. Solidarność's idea was for workers to be able to manage their own enterprises. In this case, workers would be the major contributors to the development of the economy. Through the creation of workers' councils, workers could freely elect, manage the activities of their enterprises, and even fire managers if they needed to. The government, on the other hand, felt that if it allowed Solidarność to elect/ fire managers and control their enterprises, these councils would be independent and would present a threat to the monopoly of the state. Thus, the government felt threatened by the growing power of the workers. At the same time, it wanted to protect the interests of the *nomenklatura*.

The idea had a long tradition, not only in Poland but also in other Eastern European countries, in particular, in Yugoslavia, although Jacek Kuron stressed that Poland was different to Yugoslavia and implementation of the self-management model would be different in Poland. In addition, self-management was, as its advocates argued, the core principle of socialism. So, Solidarność aimed to strengthen the power of workers vis-à-vis the power of the *nomenklatura*. Thus, its first demand after August strike, was the formation of a self-governing republic. For

Solidarność, this step would lead to other steps forward in the advancement of workers' interests instead of the interests of bureaucrats. Support of political actors, in particular, Party members, was very important in any attempt for institutional change. This idea of self-management did not have support enough to secure its implementation due to lack of powerful support for the idea from the Party, and to the timing of its emergence. Also, as Tadeusz Kowalik said, the idea of self-management was difficult to reconcile with central planning.

To summarize, the workers' movement pressed for reform of the economic structure of power through workers' councils, that is, the implementation of the idea of self-management. In August 30, 1980, strikes erupted in major coastal cities. Negotiations between the government and the workers ended with the signing of three agreements based on twenty-one Solidarność demands. One of the major demands was the legalization of Solidarność as an independent Trade Union. The idea of self-management, which was discussed earlier in this chapter, was at the center of Solidarność's political and economic doctrine. Human rights, workers' living conditions and workers' participation through workers' councils were the major political and economic ideas of Solidarność in 1981. In the First and only Congress before 1989, the Solidarność Program included seven chapters, discussed the political and economic situation in Poland and proposed a solution for economic crisis by activating the idea of self-management. The chapter entitled "The Self-Governed Republic" discussed why and how Solidarność would proceed with the idea of self-management as a way of democratizing the workplace. Parts of this

chapter are worth quoting to illustrate the importance that Solidarność gave to the workers' struggle through workers' councils:

Public life in Poland requires deep reforms which should lead to the definitive establishment of self-government, democracy and pluralism. For this reason, we shall struggle both for a change in the state structures and for the development of an independent, self-governing institutions in every field of social life. Only such a course can guarantee that the institutions of public life are in harmony with human needs and the social and national aspirations of Poles. Such changes are also essential if the country is to find a way out of the economic crisis. We consider that pluralism, democracy and full enjoyment of constitutional rights provide the guarantee that the workers' efforts and scarifies will not be wasted again.⁷¹⁴

Solidarność calls for freedom of elections for regional councils and the *Sejm*.

One of the reasons that can explain the imposition of martial law was that the Party felt threaten by the emergence of civil society that would demand political, as well as economic reforms. "While calling for democratic elections to Parliament and people's councils, Solidarity officials seemed to forget that such words were signals of alarm for the rulers, sounding their impending fall,"⁷¹⁵ said Adam Michnik from prison in 1981. Solidarność, as mentioned before, attempted not to challenge the rule of the one-party Communist system, however, they waged a war against the *nomenclatura* system in economic management.⁷¹⁶ The major point of tension between Solidarność and the government was how much power would be given to workers' council, especially on managerial issues. Stefana Szlek Miller wrote that Solidarność aimed at revolutionizing:

Both the political and economic system by first abolishing the privileges and monopoly of power of the ruling Polish United Workers' Party and of party-controlled state institutions and replacing them with democratic ones based on civil and political liberties. Political reforms were considered to be essential

⁷¹⁴ Persky and Flam 1982: 213.

⁷¹⁵ Ibid., 250.

⁷¹⁶ Federowicz and Levitas 1995: 293.

preconditions for the decentralization of the economy based on both private and socialized property. The monopoly position of the latter, however, was to be curtailed by competition and anti-monopoly laws, by principles of cost accountability and by market forces which would determine the prices of most goods. It is within this context that Solidarity advocated worker self-governing councils within socialized enterprises, i.e., workers were to assume responsibility for managing enterprises within a market economy.⁷¹⁷

It is important to emphasize that Solidarność's political and economic agenda stemmed from Catholic teachings - since the Church was an important part of Polish identity - and democratic principles embedded in human rights values and freedom of speech, and the idea of social democracy through workers' election of managers and managing the affairs of the enterprise. Solidarność at its first Congress, had aimed also to send a signal to the rest of Eastern Europe workers of its fight against exploitation and fears.⁷¹⁸ Solidarność, with a membership of more than ten millions, among which there were one million rank-and-file Communists, was one of the first massive workers' movements in the Eastern Bloc. A major "effect of Solidarity's emergence and growth has been the adoption of a policy of socialist 'renewal' (*odnowa*) by the Polish United Workers Party (PZPR)."⁷¹⁹ This renewal was based on the introduction of democratic practices in PZPR elections. The idea of self-management continued to be the major issue of tension between the government and Solidarność until the time of martial law. Independency of self-management bodies

⁷¹⁷ Stefana Szlek Miller, "Postcommunist Poland: The End of the 'Third Way'?" *Canadian Slavonic Papers* 34, no. 1/ 2 (March-June 1992): 30. He also argued that "Solidarity's 1980 program reflects its sources of inspiration, religious and secular, and combines a strong commitment to democracy, social welfare as well as the market. While the term 'socialist' or the 'third way' is not used in Solidarity's program, its principles are compatible with 'market socialism,' social democracy, and the Catholic social alternative." *Ibid.*, 31.

⁷¹⁸ Domenico Mario Nuti, "Poland: Economic Collapse and Socialist Renewal," *New Left Review* 133 (November-December 1981): 33.

⁷¹⁹ *Ibid.*, 23.

perceived as a major threat to the Party monopoly over the political and economic matters of the country.

The impact of martial law on Self-Management

Tensions between the government and Solidarność in late 1981 led the government to declare a 'state of war' against Solidarność. The government announced its imposition of martial law on December 13, 1981. Solidarność was delegalized and many of its members, including Lech Wałęsa, were arrested. In addition, more than three thousands workers' councils were suspended.⁷²⁰ Solidarność was officially banned in October 1982. This delegalization and ban on the activities of Solidarność had a great impact on the development of the political and economic ideas of the movement. The imposition of martial law was accompanied by increased repression, imprisonment, and withdrawal of freedom of media and expression which had been gained after the events of 1980.⁷²¹ Martial law also widened the gap between people and the government. In addition, it led to increased distrust of government economic plans. With it, the idea of self-management gradually diminished. As discussed earlier, the government seized the moment to diminish the role of workers' councils and retain control over management. The government perceived the Solidarność idea of self-management as a threat to its rule. According to Adam Michnik:

The night of December 12, [1981] the communist power elite began a desperate defense of its position as a ruling class, of its power and privileges. The status of the power elite - this does not have to be extensively explained - was being

⁷²⁰ Federowicz and Levitas 1995: 293.

⁷²¹ Ben Slay, *The Polish Economy: Crisis, Reform and Transformation* (Princeton University Press, 1994), 85.

threatened not only in Poland but throughout the entire communist bloc. The December coup did not aim at realizing the communist utopia; it was rather a classic counter-revolution directed against workers for the defense of the conservative interests of the previous regime.⁷²²

By 1982, the workers councils were reactivated with limited power.⁷²³ After their suspension for more than a year, the powers of the workers' councils were curtailed and the state, after its amendment of the law on self-management, gained greater discretionary powers.⁷²⁴ Solidarność abstained from participating in workers' councils after the imposition of martial, however, it decided finally to participate and ran for office in council elections. However, there was a crisis of confidence, and many members of Solidarność looked at alternatives to the idea of self-management. Self-management, which was supposed to lead to workers' democracy, had been used as a tool by the government to appease workers whenever an economic crisis emerged. This led to self-management losing its importance as an idea within the movement. Many of self-management's advocates, after the imposition of martial law, turned to ideas of a free market economy. Translations of the work of neoliberal economists, such as Milton Friedman and Joseph Hayek, were widely disseminated within the movement, and contributed to the withering away of the idea of self-management within the Solidarność movement. As Tadeusz Kowalik said: "Karl Popper's *The Open Society and Its Enemies* and Friedrich Hayek's *The Road to Serfdom* 'had become the basic political texts for the entire movements.'"⁷²⁵ During this time, the movement which had built its whole program on the idea of workers'

⁷²² Persky and Flam 1982: 248.

⁷²³ Federowicz and Levitas 1995: 293

⁷²⁴ Ibid.

⁷²⁵ Tadeusz Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland* (New York: Monthly Review, 2012), 40-41.

democracy through workers' councils, shifted gradually to other ideas such as market socialism and free-market as alternatives to state socialism.

The declaration of martial law led to the emergence of different underground activities that aimed at educating Polish society about their rights and ways of civil resistance. During martial law, underground publications helped to change Solidarność's discourse toward private property ownership, competition and deregulation.⁷²⁶ In addition, clandestine publications increased Solidarność's role in society. Connections with other opposition movements in Eastern Europe intensified and aided by Western media such as Radio Free Europe and Voice of America, information and news about these movements was disseminated to the rest of the world.

Prior to the announcement of martial law, the government waged a severe propaganda campaign that drew attention to minor events/ conflicts within the Solidarność.⁷²⁷ In addition, as part of its propaganda campaign, the government accused some Solidarność activists of being barriers to cooperation and of being elements of confrontation with the government. The government claimed that the issue of self-management was the major cause of problems escalated between the two. As the communiqué below presents, the government accused Solidarność of attacking government proposal of self-management as undermining the idea workers control over enterprise. The communiqué by the Council of Ministers stated that:

⁷²⁶ Ibid.

⁷²⁷ The term '*phony conflicts*' have been used to describe the government attempts to "present minor incidents as major events in an effort to make the public think there are significant aspects to union activity." The major aim of this propaganda is in "diverting society's attention from basic conflicts between the union and government on economic reform, starting with self-management and free elections to regional people's council. At the same time, union representatives are given no opportunity in the mass media to present their stand." Persky and Flam 1982: 187-188.

The implementation of economic reform, too, is being made more difficult by the fact that the problems of self-management are being turned into an area for political struggle. The party and the state authorities initiated, and strongly support, the idea and practice of workers' self-management. During the first part of Solidarity's congress, the obvious truth was negated. Attempts are being made to impose upon society the view that the economic reform being prepared by the government and the draft laws on state enterprise and worker's self-management, which have been submitted to the Sejm, aim, essentially, at counteracting any and all changes and to nip workers' self-management in the bud.⁷²⁸

Another major development that resulted from the imposition of martial law was an ideological shift within the movement itself. Solidarność underground did not only advocate for the idea of self-management, it also, from 1981, started gradually adopting the idea of a free-market economy. The government itself gradually introduced more marketization and liberalization to the economy until 1988 when it failed to proceed further with its economic radical restructuring without reconciliation with the society and without political reform.

During the 'roundtable' talks, the idea of introducing self-management came to the surface again as "a good solution of various problems of centrally planned economy."⁷²⁹ After the formation of the first non-communist government, the idea of

⁷²⁸ *Warsaw Domestic Service*, "Communiqué Issued." FBIS-EEU-81-181. P: 2 A. This Communiqué issued by the Minister of Council on September 18, 1981. They conclude by saying that, again here the government attacks Solidarność, "the struggle against Solidarity's extreme wing is, at this moment, simultaneously, a struggle to preserve the course of social renewal, an action that defends the economic reform, strengthens democracy and develops self-management. There is no sensible alternative to this direction. The government will strengthen and enrich it. It is its sincere intention to establish trust and understanding with society, with working people, with all realistically-minded patriots, Solidarity's mass membership included." Ibid. Note here the government was attacking Solidarność by accusing it of attempting to undermine the principle of socialism. One reason for this attack can be attributed to the Soviet pressure, which led the Polish government to impose martial law and outlaw Solidarność, at the end of the year. The government described strikes and activities of Solidarność as a great danger to socialism and an anarchy that may lead the country into a civil war. Ibid.

⁷²⁹ Nawojczyk 1993: 352. Nawojczyk concluded her study by saying: "in the privatized enterprises, the ES-M (Employment Self-Management) will be sustained by a number of seats for employees in the board of directors. In the state-owned plants, the ES-M movement, if it re-emerges, will be a completely new phenomenon. Its counterparts would not be any political party or the powerful state but rather the professional management and the trade-unions. The relations will not have to be friendly.

self-management disappeared. The transition of Poland's economy from a central planned economy to a market economy constituted an end to the idea of self-management because, for liberal economists, "it was incompatible with the new mechanism" of neoliberal market economy characterized with private ownership of property.⁷³⁰ As this chapter demonstrated earlier, the decline of socialist ideas opened the door for new reformed ideas of socialism, such as self-management and market socialism, to emerge. The idea of self-management existed before Communist consolidation of power in Poland. However, the core of self-management idea stemmed from the socialist theory of workers' struggle for control of the means of production. Thus, the movement toward workers' democracy was supposed to be in line with the basic premises of socialism in general.

One of the major reasons for the weakness of the idea of self-management was the fact that political monopoly of power had hindered any efforts to reform the economic system. In addition, several attempts to activate this idea had failed to produce genuine worker participation in decision-making process at the enterprises, and were accompanied by negative results. Poland's experience with workers councils, imitated the Yugoslavian model, which rejected Soviet Model in favor of a new type of socialism. This new economic model was based on the idea of workers' self-management. According to Johanna Bockman, "this new form of socialism aimed to decentralize the state and economy, create worker-based economic

Moreover, general democratization of social life as well as declared de-politicization of economy would mean a marginalization of the movement that for at least 35 years, with its ups and downs, played an important role on Polish public arena." *Ibid.*, 353.

⁷³⁰ *Ibid.*

democracy, move away from state ownership of the means of production to its ‘social’ ownership, and expand the role of the market in the economy.”⁷³¹

After two stages of reform, ‘first stage’ and ‘second stage,’ Rakowski’s government initiated a new program of economic reform, which it referred to as the ‘consolidation plan.’ This plan was aimed at radically reforming the economic system by accelerating the liberalization of the economy and changing the structure of ownership. The government as part of its economic and sociopolitical reform brought back the idea of self-management. As what happened previously, the economic crisis that erupted after government’s decision to increase the price of consumer good (discussed in details in previous chapter) resulted in several workers’ strikes demanding wage increase. At the same time, many young people lost trust in the idea of socialism in general and, as a result, the government attempted to adopt a plan of renewal similar to Gorbachev’s New thinking strategies of *perestroika* and *glasnost*. By 1988, the government argued that workers’ council, “are in inseparable part of the socialist line of renewal and national accord.”⁷³² For the government, the idea of self-management is the last resort to save socialism and create social democracy. Below is part of government proposal for self-management in 1988, at its 10th Plenum, where the Party outlined its strategy for renewal and reform. (To see the full thesis of the Party’s agenda for reform and renewal, refer to the same source cited in the footnote). The box below presents the government position on self-management in 1988, before the historic ‘roundtable’ talks.

⁷³¹ Bockman 2012: 21.

⁷³² *Warsaw TRYBUNA LUDU*, “Politburo 10th Plenum Theses Published.” FBIS-EEU-89-002. 4 January 1989. P: 37-62.

Box 4. 3: The ‘Party and Self-Management Bodies’ in 1988.⁷³³

139. “A particularly important party obligation is to support the self-management bodies. These bodies were born out of the aspirations of work forces to take part in real management over enterprises. The modern shape of these bodies was provided by the party’s programmatic thinking. They are in inseparable part of the socialist line of renewal and national accord. The integration of the work forces encourages the work of these bodies. This work has become a social foundation of the economic reform.

The most important path of activity of self-management bodies is the efficiency of enterprises. The most important gauge of the effectiveness of these bodies is their influence on the results of enterprises; their efforts to expand production; a high quality of production; a rational consumption of materials, fuel, and energy; high productivity; and proper wage proportions.

The right of work forces to form self-management bodies is inalienable. This provides the parent bodies of enterprises and enterprise managers with statutory duties vis-à-vis these bodies. Violating this right and these duties should be treated as a violation of the party programmatic line.”⁷³⁴

140. “Party organizations will encourage the development of self-management bodies in enterprises, as well as the system of work brigades and other organized forms of work. It is essential to create broad possibilities for the formation of self-management bodies in the Polish State Rail-road, banks, and scientific institutions.

It is essential to consolidate the pro-self-management orientation in the party itself. The role of the party in an enterprises is largely connected with cooperation with self-management bodies and with an influence on their proper functioning. The role and attitude of self-management bodies provides an illustration of the efficiency of a factory party organization.

The party is concerned that self-management activists should be bold and steadfast in the performance of their duties. It is in favor of more effective legal protection for such activists...

Self-management bodies arose as institutions of socialist democracy, and only as institutions of socialist democracy are they needed by Poland.”⁷³⁵

⁷³³ Warsaw TRYBUNA LUDU, “Politburo 10th Plenum Theses Published.” FBIS-EEU-89-002. 4 January 1989. P: 56. The document included the position of the Communist Party about Self-Management in Poland in the light of political and economic developments and certain conditions during that period of time. Therefore, I found it important to quote the Communist Party perception and agenda discussed during their 10th Central Committee Plenum, published in TRYBUNA LUDU (Party Journal), under the title, “Party Reform- A Condition for the Success of the Strategy of Renewal and Reform.” FBIS-EEU-89-002. 4 January 1989. From page: 37 to 62.

⁷³⁴ Ibid.

⁷³⁵ Ibid.

141. “Self-management bodies in their modern form are young institutions. This creates the need to improve the abilities of self-management activities and respect and publicize the best experiences. The press, radio, television, publishing houses, and educational institutions should play a greater role in this sphere.

The party acknowledges the usefulness of cooperation between self-management bodies from different enterprises in order to exchange experiences. Therefore we approve the idea of self-management chambers, suggested by economic and self-management activists. These chambers could consist of enterprise managers and representatives of enterprise managers and representatives of enterprise self-management...

The party is in favor of consolidating and improving the Sejm’s work with self-management bodies. During their legislative and control work, Sejm party deputies should see to it that the position of self-management bodies is strengthened and the conditions for their work improved.

*The party will inspire legislative initiatives and undertake activities that strengthens the position of self-management bodies as a permanent part of socialist production relations. We do not rule out a search for new forms of workers’ self-management. The need for such new forms will grow in line with different forms of ownership and the emergence of appropriate new forms of management. We must meet this halfway even today.*⁷³⁶

Note: (Italics added).

Self-management post-martial law

Writing in 1988, David Holland, gave three possibilities/scenarios for the future development of the idea of self-management.⁷³⁷ First, he stated that workers’ councils “will have no future.”⁷³⁸ This scenario based on historical evidence when worker councils were centrally integrated, as had happened before in the 1970s with the creation of the ‘Conference for Workers Self Management.’ Second, self-management would have limited autonomy, in which [worker councils] “will probably become an instrument in bargaining between the levels of the economic apparatus,”⁷³⁹ and thus, “management would use the legitimating stamp of the workers’ council to justify its decisions to the

⁷³⁶ Ibid.

⁷³⁷ The idea of self-management was already dissolved/declined with the adoption of market economy model in January 1990.

⁷³⁸ Holland 1988: 140.

⁷³⁹ Ibid.

workers.”⁷⁴⁰ The third scenario, according to Holland, was an optimistic one about the future of the idea of self-management. Holland stated that there was a possibility for the reemergence of active workers’ councils if liberal ideas dominated the central administration.⁷⁴¹ Holland’s first scenario occurred when the first non-communist government of Solidarność shifted its interest from implementing the idea of self-management to radically adopting the idea of free-market economy. This shift, one can argue was expected after workers’ negative experiences with self-management in 1956 and 1980. In addition, after the imposition of martial law in December 1981, many advocates of the idea of self-management had lost trust in its applicability in Poland. As a result, many members of Solidarność had advocated a free-market economy instead, among them, Lech Wałęsa who said clearly that in 1989 the only solution to Poland’s economy is for Poland to ‘jump’ to a market economy.

The Party in Poland activated the idea of self-management whenever an economic crisis erupted. As we have seen already, the government used the idea of self-management as a temporarily solution to absorb workers’ anger about the management of the economy, and then it retained control over the management of workers’ enterprises. As pointed out by Federowicz and Levitas:

The economic and political difficulties that this project [Communist project] encountered meant that periodically elements within the Party promoted the creation of councils either as a way to legitimate Communist power in the shop floor or to improve the flexibility of the economy as a whole. At the same time, when workers or others sought to use the councils as vehicles of either industrial democracy or enterprise autonomy, they were immediately repressed for posing fundamental challenges to the Party’s control over the social division of labor.⁷⁴²

⁷⁴⁰ Ibid.

⁷⁴¹ Ibid., 140.

⁷⁴² Federowicz and Levitas 1995: 283-4.

Workers and intellectuals in socialist countries criticized state socialism as “incapable of progressively realizing the democratic aspirations of the socialist movement.”⁷⁴³ As a result, self-management was envisioned to be the only road for building social democracy in Poland. According to James F. Sitton and John F. Sitton:

Self-management socialism is conceived as the essential means for abolishing economic alienation and for reducing political alienation. It is argued that economic alienation can only be superseded by the immediate unification of the worker and the means of production through direct control of production. Furthermore, the self-management model appears to offer the only possibility for the eventual disappearance of the state, a project that was of important concern to Marx through his work.⁷⁴⁴

Poland’s experience with the idea of self-management showed little success. I have argued that the idea of self-management through workers’ councils did not lead to the ultimate creation of labor democracy. As demonstrated earlier, throughout Poland’s history after World War II, the experience with workers’ councils never developed fully to become a viable alternative to Party domination. Thus, one can argue that workers, particularly after the imposition of martial law, lost trust in the viability of self-management. As a result, other ideas such as market-socialism, and market capitalism arose as valid alternatives to the existing socialist system.

It is important to say here that other ideas, such as market socialism and free market ideas, were debated long before the rise of Solidarność. However, these ideas were still in their formative years and did not have large number of advocates at the beginning. They came to occupy the center of attention, mainly after the imposition of martial law and the rise of an anti-politics opposition. Political repression and economic monopolization were the major reasons for the decline of the idea of self-management. At the same time,

⁷⁴³ James F. Sitton and John F. Sitton, “On the Political Limitations of Self-management Socialism,” *Social Theory and Practice* 12, no. 2 (1986): 201.

⁷⁴⁴ Ibid.

government political and economic control made it difficult to reform the economy without introducing political reform. One of the important factors that explain the rise and fall of particular idea in general and the idea of self-management, in particular, is the 'time' factor. If we want to understand why the idea of self-management became central to Solidarność's ideology, we have to contextualize and to look at all factors that led to its emergence and then to its decline in specific period of time.

Decentralization of the economy brought by the new realities had diminished the attraction of the idea of self-management in favour of other ideas, such as market socialism, as we shall see in the following section. The question of workers' control, once a central demand for Solidarność, faded away throughout 1980s with the imposition of martial law and the start of a new phase of economic decentralization under the guidance of the idea of market-socialism. The following section will trace the internal and international origins of the idea of market socialism and its status prior to 1989. It is important to say that both market socialism and free market ideas emerged concurrently. Thus the idea of self-management weakened and both market socialism and capitalist market economy came to occupy the center of intellectual discussion throughout 1980s. Poland had started implementing several elements of the idea of market socialism, as we will see in the following section.

The idea of market socialism

One of the most popular ideas during the communist period in Poland after World War II, and in other Eastern European countries, was the idea of market socialism. Market socialism is a political economy idea because it engaged the role of the state in the management of economic affairs, like socialist, self-management, and free-market capitalist ideas.⁷⁴⁵ For example, when socialist idea was the dominant idea in Eastern, the state was the major player in the political and economic spheres. While market socialism entails a reduced role for the state in the economy and a bigger, socialist role in managing the impact of the economy on people's lives. And in capitalism, the role of the state is minimal. As an economic idea, market socialism aimed at reforming socialism by introducing a market mechanism into the economy while at the same time, maintaining public ownership dominance. To use Dimitris Milonakis' words, market socialism represented a 'marriage' between socialism and markets.⁷⁴⁶

Market socialism tries to regulate the role of the state. Different strands of market socialism had emerged in different parts of world. In addition, an increasing numbers of studies focused on ways in which this idea could be applied, and on its shortcomings. The idea of market socialism was perceived by socialist reformers as a way to cure the socialist economy. The term market socialism first used by the German economist Eduard Heimann in 1892 in his book, *Mehrwert und Gemeinwirtschaft*.⁷⁴⁷ But major

⁷⁴⁵ Socialism, market socialism, self-management, and market capitalism, are not purely an economic ideas, because they define the role of the state in the affairs of the economy. Therefore, they are political economy ideas.

⁷⁴⁶ Dimitris Milonakis, "New market socialism: a case for rejuvenation or inspired alchemy?" *Cambridge Journal of Economics* 27 (2003): 98.

⁷⁴⁷ Henryk Flakierski, "Market Socialism Revisited: An Alternative for Eastern Europe?" *International Journal of Sociology* 25, no.3 (1995): 8.

discussion about market socialism initiated by Italian economist Enrico Barone in his paper entitled *The Ministry of Production in the Collectivist State*.⁷⁴⁸ Barone noted that: “Central Planner, like the Walrasian Auctioneer, can solve n equations with n unknowns and so determine prices that simultaneously clear all markets. The state can then control firms and make lump sum redistributions to promote equality, and still get efficient outcomes for any distribution of income.”⁷⁴⁹

The discussion of his argument that the socialist system can stimulate market mechanisms to achieve economic efficiency, were called the ‘calculation debate.’ The calculation debate involved the argument about the feasibility of the socialist economic system without economic rational calculation. The ‘calculation debate’ between neoclassical economists (Lange, Lerner, Taylor) and the Austrian school (von Mises, Hayek, Robbins), between Eastern and Western economists developed over several years.⁷⁵⁰ The idea is also used interchangeably with the concept of the ‘third way’ or ‘third road,’ in which capitalism and socialism constituted the ‘first’ and ‘second’ road. Describing the calculation debate, Zenon X Zygmunt wrote:

One of the most crucial developments in understanding the theory and practice of the Soviet-type economy was the Economic Calculation Debate. The debate took place in the form of periodic exchange of ideas among academic economists concerning the feasibility of socialism, particularly in the Soviet Union, which attempted to establish a centrally planned economy after the Russia Revolution.⁷⁵¹

The major goal of the idea of market socialism was to introduce a market

⁷⁴⁸ Heinz Kurz, *Economic Thought: A Brief History: A brief History*, (New York: Columbia University Press, 2016), 101

⁷⁴⁹ Andrei Sheifer and Robert W. Vishny. “The Politics of Market Socialism.” *Journal of Economic Perspectives* 8, no. 2 (Spring 1994): 166.

⁷⁵⁰ Milonakis 2003: 98.

⁷⁵¹ Zenon X Zygmunt, “Debating the Socialist Calculation Debate: A Classroom Exercise,” *The Journal of Economic Education* 37, no., 2 (2006): 229.

mechanism into the planned economy which suffered from inefficiency and lack of rational calculation, while at the same time ensuring equality and egalitarianism within this model of the economy. Market socialism thus took the best points from both the capitalists' and socialists' economic ideas. This idea, according to Korani, was adopted in Hungary in 1968, but "market mechanisms were more a passive than an active tool of the central planning agency and were subordinated to its preferences."⁷⁵²

The problems with the socialist economic system led to the emergence of several reform ideas, among them the idea of market socialism. In the following section, I will give the reader major definitions of market socialism and will answer the question: what was the state of market socialism as an alternative idea to the socialist system in Poland prior to the collapse of communism in Poland in 1989? The same question has been asked for the status of the socialist idea, the self-management idea, and the free-market/neoliberal ideas in Poland prior to the elections of June 1989 and before Poland's transition to democracy and a market economy in late 1989. This in-depth historical analysis will validate the argument that Poland's adoption of a market economy was driven by internal ideational change that emerged as a result of a decline of major ideas (socialist-revisionist), the weakness of others (self-management), and the evolution of other ideas (market socialism and free-market). Several studies have already dealt with these ideas separately, but this study aims to cover all of these ideas together in an attempt to uncover the roots of Poland's economic and political transition in 1989.

⁷⁵² Tadeusz Kowalik, "Oskar Lange's Market Socialism: The Story of an Intellectual-Political Career," *Dissent* (Winter, 1991): 94.

According to János Kornai, the idea of market socialism and “plan-cum-market” constituted “one of the major tendencies in the move away from the classical system.”⁷⁵³ The idea of market-socialism was described as a combination of capitalism and socialism. In another words, it represented a “complementary application of the two mechanisms, in which each compensate for the other’s shortcomings.”⁷⁵⁴ For Irving Weinstein, ‘market socialism’ meant “a publically owned economy relying mainly on the market mechanism for its allocative decisions.”⁷⁵⁵ Another scholar defined market socialism as “a variety of economic arrangements in which most goods, including labour, are distributed through price system, and the profits of firms, perhaps managed by workers or not, are distributed quite equally among the population.”⁷⁵⁶ While, according to Frank Roosevelt, market socialism was “coming to be seen as a feasible way of implementing socialist values within an efficient economic system and, hence, as a chance to revive the socialist project in the face of nearly universal disenchantment with the orthodox model of central planning and state ownership.”⁷⁵⁷ Market socialism also “offers the potential of combining the ‘fairness’ of socialism with the efficiency associated with market allocation. The state owns the means of production, and returns to capital accrue to society at large.”⁷⁵⁸ Market socialism was defined in the Dictionary of Marxist Thought as:

⁷⁵³ Kornai 1992: 474. Kornai argued that “the sphere of ideas embracing market socialism is profoundly alien to the thinking of the classics of Marxism.” Ibid.

⁷⁵⁴ Ibid., 477.

⁷⁵⁵ Irving Weinstein, “Market Socialism: A Program for American Socialist,” *Dissent* (Winter 1981): 95.

⁷⁵⁶ John Roemer, “A Future for Socialism,” *Theoria* 85 (May 1995): 23.

⁷⁵⁷ Frank Roosevelt, “Marx and Market Socialism,” *Dissent* (Fall 1992): 511.

⁷⁵⁸ Paul R. Gregory and Robert C. Stuart, *Comparative Economic System* (Houghton Mifflin Company, 1999), 139.

A theoretical concept (model) of an economic system in which the means of production (capital) are publicly or collectively owned, and the allocation of resources follows the rules of the market (product markets, labour markets, capital markets). The term is often applied more loosely to cover the concepts of reforming the economic system of the countries of 'real socialism' (communist countries) away from command planning in the direction of market regulation (Yugoslavia from the early 1950's, Hungary after 1968, China, Poland, and the USSR, as well as Bulgarian, in the 1980s).⁷⁵⁹

As the above definition shows, market socialism was an attempt to reform the socialist system through introducing a market mechanism into a central-administrative-planned economy. The major aim of introducing a market mechanism is to "achieve socialist end."⁷⁶⁰ Roosevelt showed that a socialist economy that was built on Marxist ideas of the means of production and class struggle failed to be an efficient system in a modern society. He cited David Belkien in numerating the major shortcomings associated with a socialist economy, including:

Bureaucratic domination of production and social life; resources tied up in obsolete investments; prices unrelated to costs, hence distorted allocation of resources; goods and services in chronic short supply; slow growth in real incomes; disguised unemployment, for example, people in unproductive jobs; poor motivation and work discipline; little reward for attending to environmental considerations.⁷⁶¹

According to Thomas E. Weisskopf, "advocates of market socialism as a third way accept the many theoretical and empirical arguments,"⁷⁶² in which the main object of this idea is "to combine the recognized advantages of markets with respect

⁷⁵⁹ Tom Batomore, *Dictionary of Marxist Thought* (Balckwell Publishers Ltd, 1991), 336.

⁷⁶⁰ Julian Le Grand and Saul Estrin, *Market Socialism* (Clarendon Paperbacks, 1989), 1.

⁷⁶¹ Frank Roosevelt, "Marx and Market Socialism," *Dissent* (Fall 1992): 512.

⁷⁶² Thomas E. Weisskopf, "A Democratic-Enterprise-Based Market Socialism," in *Market Socialism: The Current Debate*, Pranab Bardhan and John Roemer, eds, pp.120-141, (Oxford: Oxford University Press, 1993): 122.

to efficiency with a system of social property rights.”⁷⁶³ The assumption is that through introducing market mechanism into administrative planned economic system, the socialist system will overcome its internal inefficiency.

The market socialism idea dates back to the ‘calculation debate,’ as mentioned before, between Eastern and Western economists. One of the most famous economists who introduced the idea of market socialism was the Polish economist, Oskar Lange, through his engagement in the ‘calculation debate.’ Abba Lerner also developed similar ideas of market socialism at the same time as Oskar Lange. Thus, their ideas of market socialism were described as the “Lange-lerner solution.”⁷⁶⁴ Lange believed, according to Tadeusz Kowalik, that his model “would be superior to the capitalist economy of the Great depression and would avoid all the obvious defects of the Soviet economy.”⁷⁶⁵ Advocates of the idea of market socialism believe that the administrative planning system is not open to reform, therefore, it should be replaced with a market mechanism to create an incentivized and competitive economy.

Kornai, and many other scholars, asserted that the idea of market socialism emerged during the ‘calculation debate’ between the Polish economist Oscar Lange (1936-37) and the Austrian economist, Ludwig von Mises (1933).⁷⁶⁶ For von Mises, socialism lacked any rational calculation for prices combined with the absence of “private

⁷⁶³ Ibid., 122-123.

⁷⁶⁴ Battomore, *Dictionary of Marxist Thought* 1991:337.

⁷⁶⁵ Tadeusz Kowalik, “Oskar Lange’s Market Socialism: The Story of an Intellectual-Political Career,” *Dissent* (Winter 1991): 88.

⁷⁶⁶ Frank Roosevelt, “Marx and Market Socialism,” *Dissent* (Fall 1992), 512.

property and the market.”⁷⁶⁷ Von Mises predicted that the new Soviet socialist planned economy would never work because it did not have a price system to send signals to consumers and producers about their preferences of goods.⁷⁶⁸ Furthermore, a price system based on supply and demands was at the center of an efficient economy. So this lack of information would lead inevitably to the collapse of the planned economy. For von Mises, the market had to be free like people.⁷⁶⁹ For an economy to function, there was a need for an economic calculation that “provides valuations, based on present and expected future conditions, which enable producers to choose a production point.”⁷⁷⁰ In response, Lange argued that socialism is capable of setting a balance between supply and demand where the central planning office puts market mechanism in practice - “when it sees excess demand it raises prices, and when it sees excess supply it reduces them.”⁷⁷¹

For Kornai, Oskar Lange’s intellectual contribution to market socialism did not constitute a coherent set of reforms to the problems of a socialist economy, but its “outline embraces many of the concepts basic to the intellectual current of market socialism: the autonomy of firms with an interest in increasing profits and reducing costs, the fundamental role of price signals, and the specific linkage between centralization and

⁷⁶⁷ Ibid.

⁷⁶⁸ For von Mises, competition is a central part in an efficient economy, “the entrepreneurs and capitalist establish corporations and other firms, enlarge or reduce their size, dissolve them or merge them with other enterprises; they buy and sell the shares and bonds of already existing and of new corporations; they grant, withdraw and recover credits; in short they perform all those acts the totality of which is called the capital and money market. It is these financial transactions of promoters and speculators that direct production into those channels in which it satisfies the most urgent wants of the consumers in the best possible way. These transactions constitute the market as such. If one eliminates them, one does not preserve any part of the market.” Von Mises, *Human nature*, P: 709. Quoted in Peter Murrel, *Did the Theory of market socialism answer the challenge of Ludwig von Mises? A reinterpretation of the Socialist controversy*,” *History of Political Economy* 15:1 (1983): 96-7.

⁷⁶⁹ A very interesting history of the battle of ideas between socialism and market economy, can be found on a documentary entitled “The Commanding heights” on PBS.

⁷⁷⁰ Peter Murrel, “Did the Theory of market socialism answer the challenge of Ludwig von Mises? A reinterpretation of the Socialist controversy,” *History of Political Economy* 15:1 (1983): 94.

⁷⁷¹ Kornai 1992: 476.

decentralization.”⁷⁷² Oskar Lange, an originator of the idea of market socialism, “believed that the socialist economics had a chance to catch up with the most of developed economies of the West.”⁷⁷³ Instead, Lange proposed a new model that combined the efficiency of markets with public ownership. János Kornai was himself one of the famous advocates of the idea of market socialism in Hungary prior to 1989, but he later rejected the idea of market socialism in favor of Western capitalist model because, for him, “classical socialism is coherent system....capitalism is a coherent system.... the attempt to realize market socialism, on the other hand, produces an incoherent system, in which there are elements that repel each other: the dominance of public ownership and the operation of the market are not compatible.”⁷⁷⁴ Not only Kornai, but also several other economists shifted their interest in market socialism, after political transition in 1989, in favor of a market economy, which they believed to be the only viable alternative to state socialism.

Socialist countries suffered years of economic deterioration combined with political monopolization by the Communist party, and attempted to move away from classical socialism towards different reformed ideas such as self-management and market socialism, with an increased interest in free-market economic ideas. As mentioned earlier, timing is an important factor that creates the conditions that either facilitate or hinder the implementation of particular ideas. As we have already seen, workers who wanted to manage their own enterprises advocated the idea of self-management. Workers in their

⁷⁷² Ibid.

⁷⁷³ Tadeusz Kowalik, “Economics - Poland. In *Three social science disciplines in Central and Eastern Europe: handbook on economics, political science and sociology (1989-2001)* eds. Max Kaase, Max, Vera Sparschuh, and Agnieszka Wenninger, Informationszentrum Sozialwissenschaften (Ed.): *Three social science disciplines in Central and Eastern Europe: handbook on economics, political science and sociology (1989-2001)*, pp 135-151, (Berlin, 2002), 137.

⁷⁷⁴ Kornai 1992:500.

struggle to control the means of production used self-management as an alternative to economic problems, but for government it represented a threat and challenge to the political and economic monopoly of the state. Thus, the government temporarily activated the idea of self-management in response to economic crises, but retained control over enterprises afterwards. Solidarność's emergence increased the role of workers in the economy, and self-management came to be at the core of their ideology. The government declared martial law in December 1981 when it felt threatened by Solidarność. It then started a series of reforms built on the idea of market socialism. The last reform plans, 'the second stage' and 'consolidation plan,' introduced radical liberalization into the economy, which can be seen as gradual march toward market economy (see previous chapter). In addition, by 1988, the private sector was treated equally with state and co-operative sector. In general, by the 1980s the government also paid more attention to the role of private sector in national economy.

It is important to note here that the idea of market socialism was never fully realized/applied in Poland. Elements of the idea of market socialism were introduced in countries of East Central Europe, but because of political monopolization and bureaucratization, it was easily substituted by other 'tested' ideas like the capitalist market economy. Without political reform of the state, the idea of market socialism weakened and was easily replaced after political transition started in Poland and elsewhere in Eastern Europe.

Oskar Lange model of market socialism

Oskar Lange was born in 1904 in Tomaszow Mazowiecki.⁷⁷⁵ Lange is one of Poland's most prominent economists and statesmen. He was awarded a Rockefeller Foundation Fellowship in 1934 to study at Harvard in the United States and at the London School of Economics in the United Kingdom.⁷⁷⁶ He then taught in several universities, including Chicago University where he was exposed to neoclassical economics.⁷⁷⁷ In 1945, he became the Polish People's Republic Ambassador in the United States and then served as Poland's UN representative.⁷⁷⁸ In 1948, Lange returned to Poland. For Lange, "public ownership permits better (fuller) use of competitive mechanism than contemporary capitalist economics, which suffer from frictions caused by monopolistic corporation practices."⁷⁷⁹

The idea of market socialism gained more attention during the period of de-Stalinization in Poland and other parts of Eastern Europe. The calculation debate in the early 1920s was the opening period for a long transnational dialogue between Eastern and Western economists. Oskar Lange's theory of market socialism was an attempt to introduce element of the market into a planned economy. Tadeusz Kowalik wrote: "Lange learned about economic backwardness and peripheral capitalism in prewar Poland. Later he spent more than twenty years in the bastion of modern capitalism, the United States. After returning to Poland in 1948, he linked his fate to the creation and

⁷⁷⁵ Battomore, *Dictionary of Marxist Thought* 1991: 304.

⁷⁷⁶ Ibid.

⁷⁷⁷ Ibid.

⁷⁷⁸ Ibid.

⁷⁷⁹ Ibid., 304.

then reform of the communist system.”⁷⁸⁰ Lange saw Poland’s economic stagnation during the pre-war period as a result of monopolies in world economy. Thus, he envisioned a solution that involved the elimination of monopolies created under the capitalist system and building a new socialist system that would eliminate poverty and lift the Polish economy from deterioration.⁷⁸¹ In his book, *Gospodarka—Polityka—Taktyka—Organizacja Socjalizmu* (The Economics, Politics, Tactics, and Organization of Socialism), published in 1934, he wrote his theory of socialist economy.⁷⁸² According to Kowalik, Lange’s reference to a “planned economy” in his book about Poland’s future economy was not about central planning per se, but a reference to market competition.⁷⁸³

Lange’s model envisioned the existence of a public sector which comprised: 1) “industrial enterprise,”⁷⁸⁴ 2) “branch associations in the form of industry trust,”⁷⁸⁵ and 3) “central planning board.”⁷⁸⁶ During his lifetime, Lange’s ideas developed and evolved more towards market socialism. When Lange went to the United States, he was exposed to different economic and political system that influenced his ideas. One clear sign of the development of his ideas, as stated by Kowalik, was that he abandoned the ideas he expressed in the 1930s about the “unreformability of capitalism” and the need to overthrow it through revolution.⁷⁸⁷ During his stay in the United States Lange also had changed his view about the dominant role of the Central Planner board.⁷⁸⁸ He went

⁷⁸⁰ Tadeusz Kowalik, “Oskar Lange’s Market Socialism: The Story of an Intellectual-Political Career,” *Dissent* (Winter 1991): 86.

⁷⁸¹ *Ibid.*, 87.

⁷⁸² *Ibid.*

⁷⁸³ *Ibid.*

⁷⁸⁴ *Ibid.*, 89.

⁷⁸⁵ *Ibid.*

⁷⁸⁶ *Ibid.*

⁷⁸⁷ *Ibid.*, 91.

⁷⁸⁸ *Ibid.*

further in his article *Ekonomiczne podstawy demokracji w Polsce* (The Economic Foundations of Democracy in Poland) to emphasize the role of public ownership for large-scale industry only, and the need to keep medium and small-scale industry in private ownership.⁷⁸⁹

In his public lectures entitled *On the Economic Operation of a Socialist Society* in 1942,⁷⁹⁰ Lange indirectly “abandoned the idea of the state setting capital-goods prices, an idea that many of his critics considered to be the sense of his model.”⁷⁹¹ This gives us an indication of the development and the evolvement of Lange’s major ideas during his time in the United States, as he tried to reconcile aspects from both capitalist and socialist systems in his theory of market socialism, as stated by Kowalik: “Lange prepared the theoretical ground for the concept of the convergence of the two systems long before this concept became commonplace.”⁷⁹² Prior to his return to Poland and his participation with the government of Gomułka, Oskar Lange ideas had shifted gradually towards the idea of market socialism. When he returned to Poland, Lange hoped that he could implement his ideas of market socialism. He engaged with the Communist government as a member of the Party and member of the Parliament, and held several educational positions but,⁷⁹³ as Kowalik stated, “he ruled but not governed.”⁷⁹⁴ Thus, the time factor was a reason for Lange’s failure to implement his ideas because it was not permissible for his ideas to be implemented at that particular time. However, his ideas formed the basis of revisionist movement, which was confronted and repressed by the government and led to its demise.

⁷⁸⁹ Ibid.

⁷⁹⁰ Ibid.

⁷⁹¹ Ibid.

⁷⁹² Ibid.

⁷⁹³ Ibid.

⁷⁹⁴ Ibid., 93.

As mentioned before, Poland emerged from World War II with a complete economic destruction. When the Communist party emerged during interwar period, it was a minority movement. After the war, and with support from the Soviet Union, the Communist Party dominated the political and economic landscape in the new People's Republic. Divisions within Communist party, between the pro-Soviet model of socialism and the pro-nationalist model of socialism, led to the expulsion and alienation of the group that adopted the idea of a national/Polish road to socialism and who also rejected Soviet domination in Poland. The government had started its Three Year Economic Plan following the Soviet model, through collectivization and industrialization. Lange was still in the United States during that time as Poland's UN representative. As stated before, his ideas evolved and changed towards combining market mechanism with administrative mechanism. Thus, when Lange returned to Poland, he thought that 'economic Sovietization' in Poland and in the Soviet Union itself was a temporary stage that would lead eventually to the introduction of a market mechanism, as described by Kowalik:

Lange viewed the administrative system of economic planning and management in the Soviet Union as the result of the economy's subordination to political goals—the waging of war on two fronts: war against imperialism and civil war against technological and economic backwardness. Defining the Soviet economy as a kind of war economy, Lange believed that after winning both wars, and given conditions of international peace and cooperation, the Soviet Union would abandon administrative coercion in favor of *an economy based on market mechanisms*.⁷⁹⁵ (Italic added)

During the period of Stalinization, which witnessed repression and heavy collectivization and forced industrialization, Lange was unable to introduce his reformist economic ideas and to even explicitly express them.⁷⁹⁶ However, after Khruchev's secret

⁷⁹⁵ Ibid., 92.

⁷⁹⁶ Ibid.

speech that revealed Stalin's atrocities and the cult of personnel, a new period of de-Stalinization started. By 1956, Gomułka had returned to power and with him came new aspirations for reform and democratization. During this period, as stated before, revisionist ideas were discussed publically. There was an internal renewal debate within the Communist Party for new ways/ideas of reforming the political and economic system.⁷⁹⁷ This renewal strategy involved the introduction of the idea of market socialism to Polish economy. One of the major revisionists was Lange himself, who criticized the political economy of Stalinism and Party monopolization. This period of relative liberalization did not last long. Gomułka's government started with promises of reform and change, forming New Economic Council as an advisory board for a government economic reform plan. Lange was the chairman of the Economic Council with other prominent economists - among them were Włodzimierz Brus, Michał Kalecki,⁷⁹⁸ Edward Lipiński and Czesław Bobrowski⁷⁹⁹ - and started a new plan which "proposed the introduction of indirect financial instruments in order to achieve plan targets instead of direct administrative controls, a greater responsibility for enterprises regarding investments and performance, and a price reform."⁸⁰⁰ For Oskar Lange, the problem of pricing could be solved through the central planning organization that would set the price system. According to Oskar Lange and Fred M. Taylor:

To establish the prices which serve the persons "solving equations" as a parameters no mathematics is needed either. Neither is there needed any knowledge of the demand and supply functions. The right prices are simply

⁷⁹⁷ Bohle and Neunhoffer 2006: 92.

⁷⁹⁸ Michał Kalecki supported the idea of worker's control, but "while recommending more enterprise freedom and the participation of Workers' Councils in production and investment planning, the Charter also insisted on the inviolability of the Full Employment objective and the need for considerable central controls over the rate and structure of national investment." McFarlane 1992: 137.

⁷⁹⁹ Bohle and Neunhoffer, 2006: 92.

⁸⁰⁰ Ibid.

found out by watching the quantities demanded and the quantities supplied and by raising the price of a commodity or service whenever there is an excess of demand over supply and lowering it whenever the reverse is the case, until, by trial and error, the price is found at which demand and supply are in balance....[T]here is not the slightest reason why a trial and error procedure, similar to that in a competitive market, could not work in a socialist economy to determine the accounting price of capital goods and of the productive resources in public ownership.⁸⁰¹

Lange died in 1965 in the midst of a government campaign against the revisionist movement in Poland, but his ideas remained popular. His ideas also formed the basis of Solidarność idea of self-management in 1980-81.

Market socialism, as stated before, was a political economy model. One cannot distinguish the impact of politics on the economy and vice versa. Thus, when the Polish government was faced with economic crisis, it tried to find an economic solution that would preserve its political power. Thus, the Polish government since early 1980s, and in particular after its suppression of self-management, looked at other ways for economic reform, such as market socialism. It started what may be described as a ‘top-down’ process of liberalization of the economy. By 1987, the government had announced its ‘second stage’ plan to reform the economy. This time, the government realized the need to secure the approval of the society if it was to prevent workers’ strikes. In November of the same year, the government failed to secure approval through National referendum, but it proceeded with its radical process of reform, including changes in ownership structure. No radical reforms in ownership structure were introduced in the late 1980s,

⁸⁰¹ Oskar Lange and Fred M. Taylor, *On the Economic Theory of Socialism* (New York: McGraw-Hill: Book Company, 1956), 89, quoted in Mateusz Machaj, “Market Socialism and the Property Problem: Different perspective of the Socialist Calculation Debate,” *Journal of Austrian Economy*, no. 10 (2007): 259. Published online, Springer Science + Business Media, LLC 2007.

and no large-scale privatization of state enterprises, but “the idea of including property rights in the reform program was gaining ground.”⁸⁰² Thus, it is worth noting that the government realized the importance of gradually introducing a market mechanism into state enterprises as a way out of economic crisis.

In general, market socialism was never implemented fully in Eastern Europe. As stated by Tadeusz Kowalik: “none of the countries in Eastern Europe adopted the model of market socialism to the extent necessary to allow us to say that it has been tested in practice.”⁸⁰³ The major issue in regard to the idea of market socialism was that it required a reduced role of the state, which challenged the monopoly of central planning and political hegemony in Poland and elsewhere in Eastern Europe. Like the idea of self-management, the government was unable to reconcile it while keeping its dominant role in the economy and polity. Thus as neatly put by Kowalik:

It is difficult to reconcile either market mechanisms or self-management with the leading role of the Communist party. Party officials have intervened in both these institutions so frequently and to such a degree that “political investment” and “political prices” have become common phenomena. Lange, on the other hand, demanded a strict division between the system of economic planning and management and the political system in the narrow sense of the term.⁸⁰⁴

Circumstances determined the option taken in 1989 in Poland and other Eastern European countries. After the ‘roundtable’ agreement (the subject of next chapter) in Poland, all alternatives under socialism were weakened by the Communist Party monopoly over the political and economic management; thus, political transition became a decisive factor that led to the restoration of capitalism and multi-party democratic system in

⁸⁰² Ibid., 102.

⁸⁰³ Kowalik 1991: 94.

⁸⁰⁴ Ibid.

Poland. The following section will look at the status of market capitalism ideas in Poland before transition in 1989-1990.

The ascendency of market capitalism ideas⁸⁰⁵

As mentioned in chapter three, after the imposition of martial law, pro-capitalist movements emerged and supported Poland's return to the capitalism system. This trend in Polish life increased after the suppression of Solidarność, one of the largest trade union and social movement in Eastern Europe. Ideational change is an important factor that helps us understand why specific ideas dominate the political and economic scene in a specific period of time. In the previous section, I demonstrated the status of the idea of market socialism since the 'calculation debate.' Oskar Lange, the originator of the idea of market socialism, reconciled neoclassical economics with central planning. His ideas were never fully implemented in Poland. This section will discuss other ideas – those of free-market embedded in neoliberalism ideology—which was dominant in the international system and emerged in Eastern Europe throughout the 1970s.

The emergence and ascendency of market capitalism ideas in Eastern Europe at that time is attributed to the fact that “communism ceased to be an effective economic system soon after the end of the Stalinist era and decayed further with the onset of Brezhnev's leadership. It had few defenders when it collapsed in 1989, even in the leading Communist parties where reform wings had long advocated the adoption of

⁸⁰⁵ I use free market and market capitalism terms interchangeably.

Western market methods.”⁸⁰⁶ It is clear that the emergence of market capitalism ideas came as a result of the weakness and decline of socialist ideas in Eastern Europe. Not only the socialist idea was in decline when free market ideas evolved in Poland and elsewhere in East Central Europe, but there was also a lack of trust in the implementation of ‘genuine’ self-management which made both market socialism and free market capitalism valid alternatives to state socialism prior to 1989.

The monopolization of the economic and political spheres by the Communist Party in Poland created an atmosphere of distrust that the political and economic institutions of state socialism could be reformed. It was clear that the only solution resided outside the system itself. Attempts to reform the system had failed, as was shown earlier in this chapter, with the emergence of revisionist movements supported by adherents of Marxist ideas during the 1950s. These movements had been confronted and repressed by the Soviet Union and Communist parties in Eastern Europe. The leaders of the revisionist movement were accused of being “anti-socialist.” As a result, there was a demise of the reform movement during the 1960s. Another reason for this demise resided in the rigidity of the system for reform.

A free-market based on neoliberalism is characterized by “the preference for a minimalist state,”⁸⁰⁷ in which markets “understood to be a better way of organizing economic activity because they are associated with competition, economic efficiency and choice.”⁸⁰⁸ Moreover, free-market ideas were promoted by particular individuals, such as

⁸⁰⁶ Mitchell A. Orestein, “What Happened in East European (Political) Economics? A Balance Sheet for Neoliberal Reform,” *East European Politics and Societies*, xx, no. x (2009): 4.

⁸⁰⁷ Wendy Lerner, “Neo-Liberalism: Policy, Ideology, Governmentality,” *Studies in Political Economy*, no. 63, (2000): 5.

⁸⁰⁸ Ibid.

Margaret Thatcher and Ronald Regan, and by economic advisors of international financial institutions, such as the IMF and World Bank, and by think tanks. Prior to economic transition in Eastern Europe, economists from the Chicago school and others contributed to the diffusion of neoliberalism in developing countries. These neoliberals included professor Jeffery Sachs, David Lipton, Stanley Fischer, Larry Summers, Olivier Blanchard, and Andres Alund. Through their participation in international financial institutions such as the IMF and the World Bank, they advocated a free market economy that was based on stabilization, privatization and a minimal role of the state.⁸⁰⁹ Market capitalism advocated by several Eastern European economists, in particular, Leszek Balcerowicz in Poland, Vaclav Klaus in Czechoslovakia, and János Kornai in Hungary, all of whom occupied powerful positions in their governments and directed their economic reform toward market economy.

The ‘turn to idea’ advocated by ideational scholars has given research on transition a new lens with which to develop a new understanding of the process of transition and consolidation, through looking at the role of ideas in institutional change. Scholars such as Bockman, Aligica and Evans, Bockman and Eyal, Bohle and Neunhoffer, Jan Sowa, and others, argued that transition in the realm of ideas was the major cause for Eastern European countries adoption of neoliberalism. It is inaccurate, for them, to neglect changes in the “market place of ideas.”⁸¹⁰ This marketplace of ideas resembled, according to Aligica and Evans, the marketplace for goods where:

Superior goods and superior ideas survive the test of the marketplace. New entrants are constantly trying to win as large a share of the marketplace as

⁸⁰⁹ Ibid.

⁸¹⁰ Aligica and Evans 2009: 87.

possible. Some of them fail, some of them succeed. In this view, the paradigm change in Eastern Europe is the final result of a century-long global competition between ideas. Finally, one set of ideas won in a 'natural' way. That was due to the fact that the 'consumer' of ideas, having a choice, decided that one set was better. People from Eastern Europe compared the choices and liked one over another. The triumph of the market was thus double: in the 'market of ideas' where ideas about market were triumphant and in society at large where the institutions of the market were restored.⁸¹¹

In Poland, after the return of Gomułka to power, a new chapter in Poland history had opened. Gomułka was expelled from the Communist Party right after the first ideological war erupted between the two wings of the Communist Party. The pro-Soviet group advocated direct imitation of the Soviet model, while the other group advocated a national road toward socialism. During that period of time, internal and international conditions were favorable for the pro-Soviet group to implement their ideas of the Soviet model of socialism. The 1950s witnessed the rise of revisionist movements after the death of Stalin. The de-Stalinization era was accompanied by changes in foreign policy between the United States and the Soviet Union. This opened up a new door for cultural exchange and diffusion of ideas. According to Bockman and Eyal, the period of de-Stalinization opened up a new venue for academic exchange and diffusion of ideas between the West and East:

After Stalin's death in 1953, the U.S. and Soviet governments, as well as those of Eastern Europe, negotiated new forms of contact, including academic exchanges, which each side sought to use for its own Cold War purposes. U.S. government officials saw academic exchange as a means of undermining socialist regimes by infiltrating the closed, totalitarian states with American ideas and values... Economics in particular were considered a "gateway science" that could lead to broader economic and political discussions. Policy makers were "hoping that consideration of individual preference in markets and prices eventually could lead to similar attention to individual preferences in political selection." Academic exchanges included long and short-term research

⁸¹¹ Ibid.

and teaching visits.⁸¹²

This cultural opening up, facilitated the emergence and evolution of market capitalism ideas in Poland and elsewhere in Eastern Europe. Ideational diffusion of Western economic and political ideas increased during this period of time. Tadeusz Kowalik described the situation in Poland in the 1950s as the following:

From 1956 on, Poland was relatively open to the West. There was a stream of Western visitors. Several young Polish scholars, financed by various foreign foundations and universities, got a chance to study at Western universities, mostly in the United States. The center for Third World postgraduate economic studies was founded at the Main School of Economics (then the 'Main School of Planning and Statistics'). The governments of Third World countries invited dozens of Polish economists to work as experts or advisors.⁸¹³

Solidarność emerged in August 1980 at a time of economic crisis, signaling a new chapter in Poland's history. The movement demanded the creation of an independent trade union and the activation of authentic self-management bodies. The major goal for Solidarność is to de-centralize Party control over the management of the economy. In addition, they demanded the elimination of *nomenklatura* system.

The Solidarność movement did not constitute a coherent set of ideologies, as Michael Bernhard argued:

The Polish opposition created no novel political program or ideology. The opposition spanned a wide ideological range, not unlike those of the political forces that had supported the Home Army and the Polish underground state during WWII. It ran from social democracy on the Left, to liberals, to conservatives on the right (both of the secular and religious nature). All of these political forces preferred a democratic state over a Soviet-type regime and a planned economy.⁸¹⁴

⁸¹² Bockman and Eyal, 2002: 325.

⁸¹³ Kowalik 2002: 138-139.

⁸¹⁴ Michael Bernhard, "The Polish Opposition and the Technology of Resistance." P: 3-4
<http://users.clas.ufl.edu/bernhard/content/Solid3.pdf>

As Michael Bernhard said, Solidarność, with its various members, did not form a political entity; instead it sought to fight against the government guided by principles from Catholic teachings, the Human Right Declaration and socialist ideals. Similarly, Peter Zeniewski, said: “Solidarity was a bastion not of a particularistic identity but of a collective purpose, premised upon the struggle for recognition not of socially distinct groupings but of the wider social freedoms needed to create such groupings in the first place.”⁸¹⁵ Thus, Solidarność did not advocate any particular political identity, but was an “all inclusive movement promoting a common purpose among the wider Polish population.”⁸¹⁶ Integrating different political and economic orientations made Solidarność the strongest opposition movement in front of the Communist Party in Poland. Because it did not constitute a unified political and economic identity, Solidarność’s stand on market capitalism cannot be understood without further scrutiny of its publications, which is not the purpose of this study. However, one can trace the origin of Poland’s ‘shock therapy’ plan by looking at its architect, Professor Leszek Balcerowicz, who advocated a radical transformation to capitalism long before 1989. Prior to his appointment as a Deputy Prime Minister and as the Minister of Finance, Balcerowicz’s ideational conversion to neoliberalism, can be understood by looking at his involvement with the Polish Communist Party, and later his involvement with Solidarność. Balcerowicz was a member of PZPR from 1969 until 1981. He introduced his radical economic reform to the Communist Party but it was rejected for being too radical. After the imposition of martial law, Balcerowicz became an advisor with Solidarność and continued with his idea for radical reform toward capitalism. The

⁸¹⁵ Peter Zeniewski, “Neoliberalism, Exogenous Elites and the Transformation of Solidarity.” *Europe-Asia Studies* 63, no. 6 (August 2011): 978.

⁸¹⁶ Ibid.

declaration of martial law in December 1981, led to the rise of liberals in Poland who for the first time were able to influence the direction of economic policies in Poland after the rise of Solidarność into political power in August 1989.

In the making of a plan: the origins of the ‘Balcerowicz Plan’

It was clear by now that the socialist idea had been weakened by Communist Party’s political monopolization and economic centralization. State socialism was undermined by years of economic crisis that led to an accumulation of foreign debt and a chronic consumer shortage problem. In theory, socialist ideas promised social justice, equality, and social ownership of the means of production. However, in practice it was distorted by state monopolization of the means of production. One of the main reasons for the economic crises was the heavy concentration on industrialization and underinvestment in consumer goods. As Jan Sowa stated: “the stress put on heavy industrialization caused a chronic and systemic overinvestment in the production of means of production,”⁸¹⁷ and “underdevelopment in the production means of consumption.”⁸¹⁸ Consumer goods shortage was one of the results of government’s concentration on heavy industry, which created chronic problems of queueing and hoarding.

Not only in the economic realm, but also in the political sphere, the role of the state in the planned economy, as many scholars have argued, had reduced any chance of reforming the system from within. Thus, as mentioned earlier, the Polish government

⁸¹⁷ Jan Sowa, *An Unexpected Twist of Ideology: Neoliberalism and the collapse of the Soviet Bloc*, „Praktyka Teoretyczna” nr 5/2012, http://www.praktykateoretyczna.pl/PT_nr5_2012_Logika_sensu/13.Sowa.pdf (dostęp dzień miesiąc rok):165

⁸¹⁸ Ibid., 165.

activated the idea of self-management as a temporary solution to stop worker's strikes and solve the crisis, because the Party saw workers' control over their enterprises as a threat to its monopoly of the means of production and a challenge to Communist rule. The intellectual climate in Poland started to change in favor of a capitalist market economy system. By the 1970s transnational dialogue intensified with American cultural exchange programs that facilitated Eastern economists' exposure to developments led by "scientific revolution" and technology. Stuart Shields describes the situation in the 1970s as follows:

a crucial factor in rearticulating the problem of communism was precipitated by a new phenomenon that engulfed groups of well-connected young academics. In the political liberalization of the 1970s many young academics obtained various grants to participate in exchanges with Western Universities. As a consequence they began to acquire real knowledge of capitalist society. Subsequently in the 1980s a distinctive intellectual and entrepreneurial group consciously and openly championed economic liberalism.⁸¹⁹

With several scholarships offered to economists in Poland, many economists had traveled and studied in U.S. universities, among them Leszek Balcerowicz. In 1978, Balcerowicz formed a group of economists which was later called the Balcerowicz Group.⁸²⁰ By criticizing the socialist system, the Balcerowicz group was already contributing to ideational change in Poland in the early 1980s. In 1978, Leszek Balcerowicz had a team of young economists concerned with finding alternative reform plans for the Polish economy. Balcerowicz was a Party member from 1968 until the imposition of martial law in December 1981. He became one of Solidarność's advisors,

⁸¹⁹ Stuart Shields, "The 'Charge of the Right Brigade:' Transnational Social Forces and the Neoliberal Configuration of Poland's Transition," *New Political Economy* 8, no. 2 (2003): 229.

⁸²⁰ Ibid.

“enjoying links with its Network (*Siec*) of leading enterprises.”⁸²¹ Balcerowicz with other economists had reached a conclusion during the 1980s - that the socialist cycles of reform were not working, and that one of the main causes of economic stagnation lay in the rigidity of the political and bureaucratic institutions. One of the critical events in Poland that led to the emergence of pro-capitalist trend within *Solidarność* and several members of the Party was the imposition of martial law in December 1981, as mentioned before. When the government declared martial law and retained control over state enterprise, liberals' idea dissiminated and presented as a valid alternative to the existing system.

An interview conducted by Teresa Torańska with Professor Leszek Balcerowicz, revealed many of Balcerowicz's ideas in detail. The box below presents parts of Professor Leszek Balcerowicz interview with famous Polish journalist Teresa Torańska.

Box 4. 4: Interview with Leszek Balcerowicz by Teresa Torańska.⁸²²

Torańska: But that it was about capitalism, that you did not say too loudly.

Balcerowicz: I spoke about a Western type of economy, using substitute definitions. Maybe it came from the conviction that the word “capitalism” calls up emotional, negative reactions even among people who are against socialism, which is the result of historical connotations. (The word “capitalism” became loaded by the socialists and from birth had a pejorative coloring, and then around it various burdens, so that till today many people react instinctively - probably - with distaste.) And maybe it comes from the adoption of language self-censorship, because there was also the Soviet Union and it expressed a strong bitterness toward the use of that word. Although not any more in the formulation of programs, because in programs it was clearly stated that we will control hyperinflation, introduce convertibility of the zloty, privatize the economy and

⁸²¹ Frances Millard, *Politics and Society in Poland* (London and New York: Rutledge, 2002), 144.

⁸²² Interview quoted in Mitchell Orenstein, “Out of the Red: Building Capitalism and Democracy in Post Communist Europe, Yale University Dissertation, 1996. Page 58-59. Translated from, Teresa Torańska, 1994. *My*. Warsaw: Oficyna Wydawnicza MOST. I didn't quote the whole interview, to see the whole interview return to the same source. Italics added for the names.

generally aim in the direction of capitalism.

Torańska: Leszek! But in spite of “Solidarność” which for nine years fought for socialism with a human face, right?

Balcerowicz: It is necessary to answer the question for oneself: to what extent the “Solidarity” program (and rather the open or concealed economic ideology of the main representatives of that movement) arose from the authentic conviction that some type of responsible reformed socialism is *per saldo* better than capitalism, and to what extent from political self-limitation, dependent on the consciousness that in light of the structure of competition, capitalism was in Poland politically excluded.

Torańska: And in spite of the “Network” of large state enterprises, in whose work you yourself participated, because the “Network” fought for worker self-management.

Balcerowicz: *I agree. I and a part of contemporary economists searched for such changes in the economic system that would maximize the existing narrow margins of freedom. Worker self-management was in the first place a form of escape from central planning, in the second place from toil, but included in the framework of structural inertia and rather structural limitations, the more likely - according to us - the political chance for its introduction and in the third place it was an economic system better than central planning, although today I believe only a little....*⁸²³

Note: (Italics added).

This interview shows that Balcerowicz was already advocating reform towards the creation of capitalism in late 1970s, however, under state socialism, he did not express it bluntly. It is understandable that many Eastern European economists avoided a direct challenge to the existing system by promoting an anti-socialist and pro-capitalist idea. History, therefore, helps us understand actor preferences and interests during specific period of time and context. As the translated interview that was quoted by Mitchell Orenstein above showed, Balcerowicz argued that the only option during

⁸²³ Note here, Balcerowicz referred to the political situation and circumstances that governed the option presented to economist. Thus, for him, self-management was an option better than central planning at that specific period of time (1980s) but when political transition took place, he revealed his idea of radically restructuring the economy from socialism to capitalism.

communist era was the creation of self-management bodies for workers to be able to manage their enterprises.

Thus, when the opportunity emerged, as we will see in chapter six, liberals such as Balcerowicz, already had an economic alternative proposal ready for implementation but waited for the appropriate circumstance. The opportunity emerged for Balcerowicz when he was selected as Deputy Prime Minister and Minister of Finance to implement his economic reform ideas built on market capitalism system. Balcerowicz's powerful political position and the increasing support from the society enabled him to embark on the radical economic reform called the 'Balcerowicz Plan.'

Summary

This chapter's major aim was to understand ideational changes, a crucial factor that helps to explain Poland's transition to capitalism and democracy in 1989-1990. In doing so, this chapter presented four major ideas that existed in Poland prior to 1989 - socialism, self-management, market socialism, and market capitalism ideas. Historical analysis was used to trace the emergence and development of each idea. The chapter covered the period from Poland's partition until 1988. The first section traced the emergence of the Proletariat party, the first socialist party in partitioned Poland. The Proletariat party's program was examined in detail to uncover the political and economic agenda of the first Socialist party. The section followed traced the emergence of socialist and communist parties in Poland since World War II. As stated in this chapter, political and economic crisis lead to uncertainty and, as a result, it created an opportunity for new ideas to replace old ones. Communist ideology, with support from the Soviet Union,

dominated the political and economic spheres of Poland after the war, but crises started to emerge after the consolidation of Communist. The Communist Party's monopoly over economic management led to several workers strikes. When Gomułka returned to Power in 1956, he attempted to introduce the Polish variant of socialism after Stalin's death. Gomułka formed new Economic Council which was responsible for presenting different reform ideas. Among these ideas were self-management, which was supported by prominent economists such as Oskar Lange and Micheal Kalcki. The revisionist movement emerged during the same period of time and demanded the deletion of the *nomenklatura* system and urged the Party to return to socialism's core values. The revisionist movement aimed to reform the Party from within, but it died before it could realize its goal of reforming socialism in Poland. Self-management had a long history in Poland. Self-management bodies flourished after Gomułka returned to power in 1956. However, after a short period of time, the role of workers' councils diminished and the government retained its control over state enterprises. Economic crisis in late 1980, led to the emergence of Solidarność. Solidarność's main demand was the creation of authentic self-management bodies in state enterprises. For Solidarność, the means of production should be in the hands of workers and the society instead of the state. In 1981, Solidarność declared its political and economic reform program in its first and only congress. Solidarność's demands were perceived as a threat to the government's monopoly over the political and economic management of the country. The government, therefore, declared martial law in December 1981 and disbanded Solidarność. After that, many advocates of the idea of self-management lost trust in the government's reform plan and advocated market capitalism instead. As Zubek stated: "during the last five

years of communism, Polish popular attitudes, both on the part of the mainstream Communist political elites and the leadership of the opposition as well as within vast sectors of the society at large, began to shift gradually toward the idea of a democratic, capitalist society.”⁸²⁴ Leszek Balcerowicz, an advocate of market capitalism with his group of young economists, was familiar with the major problems with the Polish economy and prepared a plan of radical reform which was rejected by the Communist Party in the late 1970s. The pro-capitalist movement, which advocated Poland’s transition to democracy and capitalism, flourished after the imposition of martial law. According to Hunter and Ryan, the “ideas which were clearly radical and which stressed comprehensive and immediate reforms, had matured as a result of experience and heir extended and continuous academic interaction. These ideas generated intense interest among many persons involved with the Solidarność movement.”⁸²⁵ One can, therefore, conclude that the market capitalism emerged as a viable alternative to state socialism in the middle of the 1980s.

The following chapter will describe Poland’s political and economic development since the rise of the ‘roundtable’ idea in 1988. The discussion will be concentrated on the ‘roundtable’ negotiations and agreements, with particular attention to the political reform, trade pluralism and economic and social policy sub-tables. The chapter will conclude with presenting Solidarność electoral program for June 1989 elections.

⁸²⁴ Zubek 1997, p. 187. Cited in Peter Zeniewski, “Neoliberalism, Exogenous Elites and the Transformation of Solidarity.” *Europe-Asia Studies* 63, no. 6 (August 2011): 983.

⁸²⁵ Richard J. Hunter, Jr., and Leo V. Ryan, C.S.V, *From Autarchy to Market: Polish Economics and Politics, 1945-1995* (Praeger: Westport, Connecticut London, 1998), 77.

Chapter Five: Setting the Stage for Political and Economic Transformation

The new realities are changing the entire world situation. The differences and contradictions inherited from the past are diminishing or being displaced, but new ones are emerging. Some of the past differences and disputes are losing their importance, but conflicts of a different kind are taking their place.

-Mikhail Gorbachev, Speech in UN (1988).⁸²⁶

Who we are? Are we still the vanguard? Our opponents have changed, but have we changed as well.

- Mieczysław Rakowski (December 1988).⁸²⁷

Introduction

This chapter focuses on one of the major turning points in Polish history, the ‘roundtable’ negotiations. The ‘roundtable’ negotiations constitute a major critical juncture in Poland’s transition to a new system. The ‘roundtable’ agreement had facilitated a peaceful transfer of political power to the hands of Solidarność. This mode of democratic transition has been termed in the literature as a ‘pact transition.’ Pact transition involves transition of power by peaceful means (defined in chapter one). In this chapter, I argue that the ‘roundtable’ constituted a decisive moment that initiated a trail of institutional changes, among them a complex political transition that led to the collapse of state socialism, which will be the subject of discussion for the following chapter. One of

⁸²⁶ General Assembly Statement of the United Nations, Forty-third Session: Provisional Verbatim record of the Seventy-Second Meeting. Address by Mikhail Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, President of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics, at UN headquarters in New York, on December 7, 1988, at 10.30 a.m. A/43/PV.72. Here Gorbachev announced his new strategy in an attempt to save the Soviet Union from collapse. His new strategy was based on two pillars - perestroika and glasnost - in other words, economic restructuring through liberalization and transparency.

⁸²⁷ *Munich SUEDEDEUTSCHE ZEITUNG*, “Rakowski 21 Dec ‘Closed Door’ Speech Cited.” FBIS-EEU-89-006. 10 January 1989. P: 44.

the major factors that explains Poland's transition to democracy and capitalism was the economic crisis that was exacerbated in late 1988 after the government implemented its 'second stage' plan which was aimed at accelerating the process of marketization of the economy to solve the problem of consumer goods shortages, and to curb inflation in order to restore Poland's creditworthiness with foreign countries. This chapter traces the political and economic crisis in Poland that took place in the first half of 1989. Many events, statements and agreements in 1989 shaped Poland's political, social and economic fortunes for years to come. This chapter applies historical analysis in an attempt to understand the context of the 'roundtable' talks and circumstances that surrounded its emergence.

The chapter starts by looking at the initial attempts at negotiations between the government and Solidarność. Solidarność had been banned since 1981. After the declaration of martial law in December 1981, Solidarność turned toward underground resistance, starting a process of educating the society in different methods of non-violent and civil resistance. From December 1981 to 1989, when Solidarność was banned, different reform plans had been adopted without much success. Moreover, the tensions between the government and different opposition groups had escalated. This tension led, at the end, to the collapse of state socialism system shortly after the elections of June 1989. Calls for renewal and reform from the Party intensified in the middle of the 1980s, as the theses of the Tenth PZPR Central Plenum reported that state socialism "is full of discrepancies,"⁸²⁸ and that two major problems had surfaced - "the problems of changes

⁸²⁸ *Warsaw TRYBUNA LUDU*, "Politburo 10th Plenum Theses Published." FBIS-EEU-89-002. 4 January 1989. P: 37.

in the relationships of authority, and the problem of ownership relations.”⁸²⁹ This chapter seeks to demonstrate that the ‘roundtable’ constituted a critical departure from old, rigid, institutional settings, epitomized by the monopolization of the political and economic powers, to new institutional settings that featured uncertainty and contentious changes.

Talks between the leaders of the Solidarność trade union, Lech Wałęsa, and Internal Affairs Minister (*Minister Spraw Wewnętrznych*- MSW), Czesław Kiszczak, were the first, after almost eight years of stagnation of relations between the government and Solidarność. The idea of negotiations and an ‘anti-crisis’ pact was first initiated by Solidarność advisor, Bronisław Geremek in 1988. This idea “was new, and it was contrary to the position of Solidarity’s ranks and file, who continued resistance and did not want a pact with the Communists.”⁸³⁰ However, due to the deterioration of the economy, both Solidarność and the government agreed on the urgent need for this new ‘social pact.’

Bronisław Geremek a prominent opposition intellectual, endorsed the formation of an anti-crisis pact in his interview with Jerzy Szczęsny, published in the second issue of *KONFRONTACJE*.⁸³¹ In response to a question⁸³² about the need for an anti-crisis pact, Geremek’s answer was:

Concluding such a social pact against our crisis is more feasible now than in 1981. Why? Because of the experience the two sides have won before and after 13 December 1981. The people have learned that they must put reasonable limits on their aspirations and goals, and the authorities have learned that

⁸²⁹ Ibid.

⁸³⁰ Wiktor Osiyatynski, “The Roundtable Talks in Poland.” In *The Roundtable Talks and the Breakdown of Communism*, Ed., Jon Elster, pp: 21-68 (Chicago: University of Chicago Press, 1996):27.

⁸³¹ *KONFRONTACJE*, a monthly journal published by *PRON* (Patriotic Movement for National Rebirth).

⁸³² The question was “since no Pole questions the depth of our crisis and its dangers, would it be possible to conclude a kind of anticrisis pact, one which would stir hope, rouse the people out of their lethargy, and indicate new prospects?” *Warsaw PRZEGLAD KATOLICKI*, “Oppositionist Queried on Solutions to Crisis.” FBIS-EEU-88-063. 1 April 1988. P: 32.

without genuine social forces it is impossible to improve the country's economic situation, something everyone desires. It is possible to define the area of common good and to subordinate the conflict situations to this good. I repeat: for this reason an anti-crisis pact would be more feasible now than it was in 1981. However, a certain difficulty in concluding it does exist. In 1981 the social partner had a clear identity, but this identity is not so clear now. Today we cannot say that there exists a dualism of the authorities and society. Our society is differentiated and composed of a variety of interest groups. That is why before society subscribes to the anti-crisis pact, pluralism would have to be institutionalized. This pluralism involves great masses of society - workers and peasants - and not only the intelligentsia. It involves all our people. I make no secret of the fact that I attach major importance to trade pluralism, in which case a genuine partner would return to the public scene, one who enjoys social trust and is conscious of responsibility.⁸³³

Geremek emphasized the need to legalize *Solidarność* in order to start negotiations with the government. Speaking in 1988, he made it clear that the circumstances for 'national accord' were more favorable than in 1981. An anti-crisis accord was aimed at bridging the gap between the authorities and society, which had been widened over years of economic stagnation and political monopolization. *Solidarność* made acceptance of talks with the government conditional on the re-legalization of *Solidarność*. The government made its last attempts to implement radical liberalizing reforms of the economy in 1987 and 1988. The 'second stage' economic plan was aimed at accelerating economic reform, however, it led to several workers' strikes demanding an increase in wages after sharp increases in the price of consumer goods. This attempt to introduce a market mechanism into the economy failed in the end. The main cause of this failure was attributed to the lack of political reform. One clear example of government failure to secure public approval for its economic reform program was its defeat in a public referendum on November 1987, discussed in chapter three. As I showed in the previous

⁸³³ *Warsaw PRZEGLAD KATOLICKI*, "Oppositionist Queried on Solutions to Crisis." FBIS-EEU-88-063. 1 April 1988. P: 32.

chapter, *Solidarność* came to the fore after several economic crises. It initiated its struggle against *nomenklatura* which was perceived as a “new class” that hindered Poland’s economic and political progress. *Solidarność*’s main demand was to institute self-government. It sought to bring about social democracy and decentralization of the economic system, seeing monopolization and centralization of the economic and political spheres as the primary causes of Poland’s dire economic situation.

The ‘roundtable’ talks will be presented in depth in this chapter, with particular attention to the three major “sub-tables:” 1) the Economic and Social Policy sub-table; 2) Trade Pluralism sub-table; 3) and the Political Reform sub-table. By covering the context in which these events happened, one can get a full picture of the political change that took place in June 1989, which led to the destruction of the old institutions and to the start of a new path-dependence for the new institutions. This chapter will conclude by presenting the results of the ‘roundtable’ agreements, with particular attention to the political and socio-economic agendas that both the government and *Solidarność* agreed upon.⁸³⁴

One crisis after another

In chapter three, I presented the political and economic developments in Poland in the period from 1945, with coverage of the period of partition until 1988, with particular focus on the development of contentious politics with the emergence of *KOR* in 1976, and then with the formation of the *Solidarność* independent trade union in August 1980. In 1989, a turning point in Poland history occurred, which changed the political and economic landscape of contemporary political history of Poland and which also diffused

⁸³⁴ The Church played an important role here as a moderator.

its effect to the rest of East Central Europe. It is no exaggeration to say that Poland opened the door for governments in other countries in Eastern Europe to start negotiations with the opposition. Poland holds a geostrategic position, therefore, any changes in Poland spread to other countries and had a direct impact on the rest of East Central Europe. Earlier economic reform attempts, as I have shown, failed to handle deficiencies in the state socialist system in Poland. As stated by Prime Minister, Mieczysław Rakowski: "History has brought socialism to this crisis point."⁸³⁵

The concentration of power in the hands of the Communist Party had created a system which was alien to and isolated from the society, and which held only a fragile legitimacy that could break easily with any internal or external crisis. The Party's attempt to reform the economy failed again to acquire legitimacy among the people and led to an increased number of strikes.

The problem of Poland's foreign debt, which had accumulated over the course of two decades, was one of the most serious problems facing economic restructuring. Economic sanctions against Poland by Western countries, in particular, the United States after the declaration of martial law in 1981, had exacerbated the economic situation. Marian Orzechowski, Minister of Foreign Affairs, expressed his concern about Polish debt at the Plenary session of the General Assembly of the United Nations in 1986 and presented Poland's readiness to restore relations with the United States. This time Poland was undergoing its new plan of economic liberalization. Orzechowski therefore stated:

⁸³⁵ *Rome LA REPUBBLICA*, "Rakowski Interviewed on Changes in Socialism." FBIS-EEU-88-237. 9 December 1988. P: 33.

For Poland, the question of security in international economic relations is one of paramount importance. That point has been demonstrated repeatedly in its international division of labor, in the growing openness of its economy as highlighted by its return to United Nations financial institutions and in its initiative concerning confidence-building in international economic relations. Poland strives to expand its economic co-operation with all States, in keeping with the principles of equality.... Guided by those principles, we are interested in the full normalization of relations with the United States of America, and not in the economic file only.⁸³⁶

There is plenty of evidence that document the rise of an anti-state, anti-socialist and pro-capitalist tendency the Polish society. As described in the previous chapter, ideational change in Poland, prior and intensified after the declaration of martial law, escalated in favor of a pro-market economy. Several anti-socialist movements emerged in the 1980s. One of them was a political movement called the “Movement for Real Politics” (*RPR*), a “conservative, liberal and resolutely anti-socialist”⁸³⁷ group established in December 1987.⁸³⁸ As a movement, *RPR*, did not see itself as a political party, but as a “confederation grouping tendencies in the country which favor a ‘capitalist-style economic system’ and ‘reject socialism as a system and an ideology.’”⁸³⁹ For *RPR*, *Solidarność*’s social ideals, were ‘utopian’ and the idea of self-management “could only lead to chaos.”⁸⁴⁰ As an anti-socialist movement, *RPR*’s major idea was the restoration of capitalism in Poland and the dismantling of ‘existing socialism.’ They said in their declaration statement that, “we are certain that sooner or later capitalism will be adopted in Poland, either by revolution or evolution.”⁸⁴¹ *RPR* stressed that they opted for the

⁸³⁶ United Nations: General Assembly, Forty-first Session. Provisional Verbatim Record of the Tenth Meeting, Held at Headquarter, New York, on Thursday, 25 September 1986, at 10 a.m. A/41/PV.10.

⁸³⁷ *Paris AFP*, “Anti-Socialist Political Party Launched.” FBIS-EEU-87-241. 16 December 1987. P: 48.

⁸³⁸ *Ibid.*

⁸³⁹ *Ibid.*

⁸⁴⁰ *Ibid.*, 49.

⁸⁴¹ *Ibid.*

latter option, saying that “we are trying to ensure that these transformations occur in an evolutionary fashion.”⁸⁴² This movement was one of many that emerged throughout the 1980s which advocated market capitalism as the only solution to Poland’s economic deterioration and political freedom.

Before delving into the ‘roundtable’ talks, I shall give an overview of the political and economic situation at the beginning of the 1989. The history of Poland, as I showed in the previous chapter, was marked by several periods of economic crisis with different economic plans that fluctuated between success and failure. Besides the economic crisis, there was political repression of intellectuals and workers which increased Solidarność’s underground activities and its demands for decentralization of the economy and democratization. Poland was already undergoing an ideational change in the political and economic realms. This process was not abrupt and sudden. It took years to form the basis for the development of a market economic ideology and democracy in Poland and elsewhere in East Central Europe. Thus, as argued in the previous chapter, market capitalism system was not new to Poland. Poland had a history of a multi-party system and capitalism.

Several strikes and protests had forced the government in Poland to introduce new economic strategies, but without much success. This failure caused the emergence of *KOR* in 1976 and Solidarność in August 1981. Crisis led to the creation of several, other oppositional movements in Poland and elsewhere in Eastern Europe. In general, “Eastern European economists understood that severe economic crisis had pushed Communist

⁸⁴² Ibid.

regimes to move forward again, after the backward movement of the 1970s, on the reform path.”⁸⁴³

By the end of the 1980s market mechanisms were introduced and accelerated with the ‘second stage’ in 1987 and with the ‘consolidation plan’ in 1988. According to Batara Simatupang, the economic crisis in Poland post-1980 can be summarized in four points. First, the problem with the system of planned economy itself led to an economy characterized by inefficiency and misallocation of sources. Second, the problem resided in the heavy industrialization of the economy, which generated “socioeconomic and political distortions.”⁸⁴⁴ Heavy emphasis on industrialization and heavy equipment led to inefficiency and lack of production of consumer goods, which increased the problem of shortage. Third, “defects in the functioning of the economy due to errors in economic policies, voluntarism and bad leadership.”⁸⁴⁵ Fourth, “the collapse of Gierek’s strategy of substituting for legitimacy deficits the promise of continued economic success and the satisfaction of consumer aspirations.”⁸⁴⁶ By 1988, Poland already had hyperinflation: “price inflation accelerated considerably, and shortages were growing. And the government to an ever larger extent began to lose control over inflationary processes.”⁸⁴⁷ High inflation and foreign debts combined with society anti-politics stand toward government worsen the situation. The table below shows the macroeconomic indicators in Poland from 1984 to 1988.

⁸⁴³ Johanna Bockman, “The Long Road to 1989: Neoclassical Economics, Alternative Socialisms, and Advent of Neoliberalism,” *Radical History Review* 112, (2012): 27.

⁸⁴⁴ Batara Simatupang, *The Polish Economic Crisis: Background, causes and aftermath* (London and New York: Rutledge, 1994), 218.

⁸⁴⁵ Ibid.

⁸⁴⁶ Ibid.

⁸⁴⁷ Grzegorz W. Kolodko, “Polish Hyperinflation and Stabilization 1989-1990,” *Economic Journal on Eastern Europe and the Soviet Union* (1991), pp.9-36.
http://tiger.edu.pl/kolodko/artykuly/Polish_Hyperinflation.pdf.

Table 5.1: Economist Intelligence Unit Report of Poland Macroeconomic Indicators from 1984-1988.⁸⁴⁸

Macroeconomic Indicators	1984	1985	1986	1987	1988
NMP at market prices Zl bn	7.182	8.658	10.697	14.013	24.000 a
Real NMP growth %	5.6	3.4	4.9	1.9	4.7 a
Consumer price inflation %	15.0	15.1	17.7	26.0	60.0
Population mn (mid-year)	37.0	37.4	37.6	37.6	37.7
Hard currency: export fob \$bn	5.8	6.1	6.5	7.1	8.3
Hard currency: imports fob \$bn	4.4	5.1	5.4	5.8	7.2
Hard currency: current account \$bn	- 0.6	- 0.8	- 0.7	- 0.1	- 0.6
Reserves excl gold \$ bn (Dec)	1.1	0.9	0.7	1.5	2.1
Gross external debt \$ bn (Dec)	26.8	29.3	33.5	39.2	39.2
Commercial rate (av) ZI per \$	113.2	147.1	175.3	265.1	430.6

During the first months of 1988, contacts between representatives of Poland and both financial institutions intensified. These institutions (the World Bank and international Monetary Fund) had already published two reports about the economic

⁸⁴⁸ Economist Intelligence Unit Report, Poland 1989, No. 2, P: 2. The EIU reports extracted these data from national and international sources..

situation and continued to monitor changes taking place in Poland.⁸⁴⁹ One of the major conditions for granting loans by international institutions was the stabilization of the Polish economy and real economic reform.

Poland's hard currency debt had reached 39.2 billion dollars by the end of 1987, which was five times Poland's annual income.⁸⁵⁰ This debt had a negative impact on the development of Poland's economic cooperation with Western capitalist states and for receiving new credits.⁸⁵¹ In addition, Poland's foreign debt decreased its repayment credibility. As a result, the Paris Club refused to discuss with Poland "the problem of new guaranteed credits and refers the Polish side to bilateral talks. Until now [August 1988], respective capitalist countries have negative attitude towards this problem."⁸⁵² Therefore, one of the major goals of government reform strategy was to restore Poland's creditworthiness with foreign countries to secure credits for buying raw materials for the economy. After the declaration of martial law in December 1981, the United States imposed economic sanctions on Poland. By April 1988, diplomatic relations had resumed between Poland and the United States, represented by its Ambassador to Poland, John Davis, who initiated the first steps toward trade cooperation.⁸⁵³

Simatupang argued that one of the major problems of the socialist economy lay in "the replacement of the 'invisible hand' of the market by the 'visible hand' of the Party in state socialism made the regime particularly vulnerable to economic outcomes."⁸⁵⁴ When strikes took place in different parts of Poland in late 1988 and early 1989, the government

⁸⁴⁹ *Warsaw PAP*, "Strikes Harm World Bank Talks." FBIS-EEU-88-162. 22 August 1988. P: 20-21.

⁸⁵⁰ *Warsaw PAP*, "Hard Currency Debt Effects." FBIS-EEU-88-167. 29 August 1988. P: 60-61.

⁸⁵¹ *Ibid.*

⁸⁵² *Ibid.*

⁸⁵³ *Warsaw International Services*, "Trade Minister, U.S Ambassador Davis Meet." FBIS-EEU-88-063. 1 April 1988. P: 25.

⁸⁵⁴ Simatupang 1994: 219.

was forced to initiate talks with Solidarność. One of the leading intellectual dissidents in Solidarność, Adam Michnik, said in his article, *Poland in facing a change*, that there was no economic reform without Solidarność and that the government would fail again and again to proceed with its ‘consolidation’ plan without an active engagement with the public. Resulting from decades of repression and estrangement between ‘the authorities’⁸⁵⁵ and ‘the people,’ Michnik described the Polish economic, political and social situation in the following words:

In Poland, just like in the USSR, opposition to reform is put up by the *nomenklatura*, a broad class of the bureaucratic power apparatus, because the goal of reform consist in ever broader areas of public life being saved from the omnipotence of parasitic bureaucracy. If the nature of antireformist forces is not absolutely clear, every reform program is pure rhetoric. If the state leadership is not supported by society, it will not be able to break the opposition of the *nomenklatura*.⁸⁵⁶ (Italics added)

The legitimacy of Communism in Poland was the subject for debate and controversy for several reasons. According to Batara Simatupang its legitimacy [communism] was questioned because of: 1) the troubled history between the Soviet Union and Poland during the partition period in 1772-1918, the Polish-Russian war of 1920-1921, and the role of the Soviet Union after World War II; 2) “the cultural discrepancy between the influential Catholic Church and Marxism-Leninism, and the

⁸⁵⁵ As Michnik said, “Wojciech Jaruzelski is not supported by society at all. For the Poles he is now not only the architect of the policy of martial law, but also the chief of a government team which has wasted 7 long years. The Poles also hold him responsible for the unrealistic concept of a historic compromise between the Communist nomenklatura and the Catholic Church.” *Hamburg DER SPIEGEL*, under the title “Adam Michnik Analyzes State-Society Gap.” FBIS-EEU-88-163. 23 August 1988. P: 34.

⁸⁵⁶ *Hamburg DER SPIEGEL*, under the title “Adam Michnik Analyzes State-Society Gap.” FBIS-EEU-88-163. Michnik in this article identified four signs of government weakness: 1) “the economic crisis and environmental catastrophe;” 2) “an entire assortment of new periodicals has been founded which have been launched by the Interior Ministry and flirt with liberal slogans; censorship and freedom of movement have been eased;” 3) “Solidarity” leader Jan Bujak has been permitted to set up a foundation in Ursus for supporting large families;” 4) “official trade unions are joining the workers’ protest movement; all this means that the monolithic state of the government camp is coming to an end.” Ibid.

Western orientation of Polish intellectuals.”⁸⁵⁷ Thus, the communist system was perceived as an imposition from an outsider, and it had no roots in Poland’s multiparty and capitalist traditions and heritage.

Poland, like other Eastern European countries, experienced a weak economy throughout decades of failed economic reform plans and political authoritarianism. The government in Poland tried several ideas of reform, but failed because of the lack of political reform. Adam Michnik warned in 1988 that the people’s anger would lead to an explosion as a direct cause of their dissatisfaction with government reforms which had not bring any real change to their standard of living. Consumer goods remained in shortage. Michnik, therefore, said in 1988:

I am no expert in predicting when society could explode. Be that as it may, the Communists who rule in Poland are the ones causing explosions. The militarist policy introduced on 13 December 1981 has failed. This diagnosis has penetrated even government circles: Hopes of economic reform under the protection of tanks and police have been frustrated, as have hopes pinned on the magical effects of Western credits. Lastly, the changes in the USSR have ended hopes of rebuilding the Stalinist system.⁸⁵⁸

⁸⁵⁷ Simatupang 1994: 218.

⁸⁵⁸ *Barcelona LA VANGUARDIA*, in 29 August 1988, FBIS-EEU-88-174, under the heading “Michnik on No Reform Without Solidarity.”P: 37. Adam Michnik clearly stated that the opposition represented by Solidarność is ready to cooperate with the government for the sake of Poland political and economic reform, he said that “political opposition, however, though fiercely combated by the power of the state, is the least threatening form of protest. It offers prospects of a compromise. Recent years, however, have shown that what Jaruzelski’s team wants are not people ready to compromise but cooperative people. The orientation toward this ‘cooperation’ has reinforced the paralysis of the government apparatus, thus prolonging the crisis. This is why all those planning reforms in Poland must remember the watchword of the strike committees and of Lech Walesa: Freedom impossible without Solidarity. Together with its accompanying demand for an anticrisis pact, this watchword has become a topic of principled disagreement within the government.” He concluded by saying that “it is necessary to formulate a Solidarity blueprint for the era of restructuring. A blueprint that takes account both of the international situation and of Poland’s own specific situation. A blueprint that envisages a reform of the system, with a revolutionary objective, the transition from a Stalinist order to a democratic order. Europe’s recent history provides an example - Spain’s transition from dictatorship to democracy. Victory was preceded by an anti-crisis pact for the political reforms that established the rules of a compromise and introduced a democratic electoral law. Can the Polish Communist leadership make an imaginative effort similar to that made by Franco’s leadership display the same capacity for compromise as the Spanish opposition did then? To sum us, is existing communism as reformable as Franco’s regime? To be honest, the answer lies closer to skepticism than

The quote above gives a clear indication that the situation was deteriorating, not only in the economic realm but also in the endurance of society towards government policies. Lack of political reform had exacerbated the gap between society and the government. The government had no choice but to seek negotiations with the opposition represented by Solidarność. As mentioned before, Solidarność started as a trade union and became one of the largest social movements in Eastern Europe. The government primary goals in seeking negotiations with Solidarność was to give it the needed legitimacy to embark on a comprehensive economic reform, and to shift some of the economic burden to Solidarność.

The government's 1987 'second-stage' reform, as it has been called, was supposed to push reform further by reducing control over prices and by giving the manager the authority to handle workers' wages.⁸⁵⁹ This reform failed to contain workers' protests, which started in early April and continued throughout the year. The government headed by Mieczysław Rakowski took some "liberalization" measures.⁸⁶⁰ Prime Minister, Rakowski started another 'institutional transformation' aimed at reforming the economy through some decisions "to allow privatization of public capital assets by state enterprise managers and party apparatchiks."⁸⁶¹ Tadeusz Kowalik said that the movement towards a free-market was clear in the new Law of Economic Freedom in 1988, from which the following is an extract:

to hope." Barcelona *LA VANGUARDIA*, "Michnik on No Reform Without Solidarity." FBIS-EEU-88-174. 8 September 1988. P: 37.

⁸⁵⁹ Simon Johnson and Gary Loveman, *Starting Over in Eastern Europe: Entrepreneurship and Economic Renewal* (Harvard Business School Press, 1995), 21.

⁸⁶⁰ *Ibid.*, 23.

⁸⁶¹ Kazimierz Z. Poznański, *Poland's Protracted Transition: institutional change and economic growth 1970-1994* (Cambridge: Cambridge University Press, 1996), xxvii.

The undertakings and conducting of economic activity shall be free to all on an equal-rights basis.... Within the scope of their economic activity, economic entities may perform operations and actions which are not forbidden by the law. An economic entity may hire employees in an unlimited number and without the agency of employment organs. An economic entity shall be entitled to associate, on a voluntary basis, in organizations of economic entities. Economic entities, regardless of the type of ownership, shall be subject to public liabilities under equal terms and shall make use of bank loans and supply of production means. Undertaking of economic activity ...shall require ... entering this in the economic activity records.⁸⁶²

Under these circumstances, it was clear that the government was trying to find a way out of the economic riddle that had built up over years of failed economic plans, social dissatisfaction, and political authoritarianism. The government directed its attention toward further marketization of the economy throughout 1980s but, without real political reform and decentralization of government monopoly over economic management, it failed to produce successful results.

Evolution instead of revolution

In April, May, August, and September of 1988, Poland experienced a wave of strikes that clearly showed that the society was no longer satisfied with the country's economic and political situation. When the government increased the prices of consumer goods in February, workers in different enterprises went on strike demanding pay rises.

Poland had experienced, since the time of consolidating communism, a series of economic, social and political crises. Policy makers tried to make an impact on economic changes. For example, in 1956, Oskar Lange, the head of the New Economic Council during Gomułka's time, planned to reform the economic system, building on the idea of 'self-management.' However, this attempt failed to produce any significant results or

⁸⁶² Tadeusz Kowalik, *From Solidarity to Sellout: The Restoration of Capitalism in Poland* (Monthly Review Press, 2012), 58.

changes, and it led to another wave of strikes. In addition, the government retained control over workers,' depriving workers of the right to elect and dismiss enterprise managers. In 1980, strikes erupted, and this time Solidarność demanded authentic implementation of self-government. Again the government allowed the formation of workers' councils to absorb workers' discontent and allowed Solidarność to form its own organization. However, Solidarność's demands for sweeping political and economic reforms, during its first Congress, were perceived as a threat to the ruling Party and led the government to declare martial law in December 1981. The failed economic reform plans were reflected in an increase in the rate of inflation throughout the 1980s. Table 5.2 below shows the inflation rate in Poland from 1986 to 1989.

Table 5.2: Monthly Inflation Rates from 1986-1989⁸⁶³

Month	1986	1987	1988	1989
January	2.0	3.4	3.7	10.3
February	1.5	2.3	17.2	7.4
March	2.7	1.8	5.7	8.5
April	3.0	7.1	7.1	9.8
May	1.6	2.4	2.4	7.2
June	0.9	1.6	2.9	6.1
July	-1.8	1.8	3.2	9.5
August	0.0	0.2	0.6	39.5

⁸⁶³ Simon Johnson and Gary Loveman, *Starting Over in Eastern Europe: Entrepreneurship and Economic Renewal* (Harvard Business School Press, 1995), 22. Original source: Central Statistical Office of Poland.

September	1.6	1.2	2.8	34.4
October	2.2	1.9	2.6	54.8
November	1.0	2.3	3.8	22.4
December	1.3	1.9	4.9	11.7

The country's ruling party was incapable of solving economic problems without society's participation. Hence, there was a need for drastic sociopolitical and economic reform through a new social contract and a 'new political order.' Thus, after the August strikes, the government expressed its willingness to start talks with the opposition and the idea of the 'roundtable' emerged, an initiative involving broad political openness and liberalization.⁸⁶⁴ The main reason for these initiatives was the government's inability to solve the economic crisis and political stalemate, which had resulted in workers' strikes that paralyzed the country and increased anti-politics attitudes.

A debate between Lech Wałęsa and Alfred Miodowicz aired on Polish T.V in December 1988⁸⁶⁵ had attracted public attention to the possibility of social agreement/accord and compromises between the government and the banned Solidarność. During the debate Wałęsa emphasized the need to legalize Solidarność as the major condition for negotiations with the authority. For Wałęsa:

⁸⁶⁴ The Party proposed the 'roundtable' in August 1988. The 'roundtable' talks had been delayed and stalled several times. But the actual date of the 'roundtable' negotiation was set to begin in February 1989.

⁸⁶⁵ The debate came after Alfred Miodowicz invited Lech Wałęsa on Polish Television. Alfred Miodowicz said that "the idea of this meeting was reapproachment and not confrontation... above all we should continue the talks but not in the limelight. Secondly, the round table may provide a perfect chance for carrying on discussion on many problems which we raised with Mr Walesa but did not manage to discuss due to the lack of time. For example, the issue of young Poles. Thirdly, we would like to use the courtesy of the television. I suggested that problems of working crews and their trade union representation be discussed twice a month, with participation of persons having various attitudes, concepts and experiences." Alfred Miodowicz commenting on his T.V debate with Lech Wałęsa in *SZTANDAR MŁODYCH*. *Warsaw PAP*, "Miodowicz on Debate, Future Talks." FBIS-EEU-88-234. 6 December 1988. P: 35.

In 1980, in 1981, in my view, the external conditions did not exist for the reforms Solidarity proposed, first and foremost- as I once said, perhaps not too seriously- because Brezhnev lived 2 years too long. On the other hand, it still seems that we are not grasping these possibilities today. On the other hand, it still seems that what we are doing is continuing to preserve the model, or the tail-end of the Stalinist model. The very fact of today's meeting, after all, speaks fairly clearly and simply: None of the demands wishes on my part, of mine, none of my wishes was fulfilled. You, a member of the Central Committee, could afford the meeting that I sought for 7 years. You could dictate the conditions. I had to come here, in order not to get into an even more difficult situation, but I repeat: we are supposed to get a rapprochement. However, we are ready, as we and I have said many times- we are ready for *great compromises*. We are ready for great scarifies, but there can be no overlooking the most important things. After all, it's no accident that all out countries have a similar situation. It's time, at least, to consider why. *It is, in fact, because of the monopoly in political affairs, the monopoly in trade union affairs, the monopoly in economic affairs.*⁸⁶⁶ (Italics added)

The debate was a victory for Solidarność leader, Lech Wałęsa. He emerged as “a popular leader and the personification of hope for the future.”⁸⁶⁷ Both participants, Wałęsa and Miodowicz, expressed their hopes for the ‘roundtable’ meetings, “whose fate aroused ever greater concern as time passed by.”⁸⁶⁸ A survey conducted by the Public Opinion Research Center of 300 residents from Warsaw, showed public interest in the Wałęsa-Miodowicz debate. 78% of the respondents had watched the debate, and 97% responded positively to its importance.⁸⁶⁹ The debate raised the need for compromise instead of confrontation, because “there is a divergence of initial positions and assessment and that there is a need to bring them into harmony and to achieve results that would satisfy the expectations of all partners involved.”⁸⁷⁰ As Jan Kubik and Amy Linch noted, compromise led to a vision of a relationship between enemies based on adversary-

⁸⁶⁶ *Warsaw Television Services*, “live T.V Debate Aired” FBIS-EEU-88-231. 1 December 1988. P: 31.

⁸⁶⁷ Osiyatynski1996: 29.

⁸⁶⁸ *Warsaw PA*, “Good Sign for Roundtable.” FBIS-EEU-88-232. 2 December 1988. P: 36.

⁸⁶⁹ *TRYBUNA LUDU*, “Opinion Poll on Talks.” FBIS-EEU-88-234. 6 December 1988. P: 37.

⁸⁷⁰ *Warsaw RZECZPOSPOLITA*, “The Debate: Further Important Step.” FBIS-EEU-88-234. 6 December 1988. P: 37.

as-a-negotiating partner.⁸⁷¹ The Polish government came to the realization that only negotiations with the opposition would help economic reform.

The Lech-Miodowicz debate did not pass without criticism.⁸⁷² Andrzej Gwiazda, former leader of Solidarność, criticized it as being a “step backwards.”⁸⁷³ In an interview in 2010, Gwiazda stated that the ‘roundtable’ was planned from Moscow.⁸⁷⁴ In response, Janusz Onyszkiewicz, Wałęsa advisor, said: “one should not pretend that nothing has changed over the seven years: that there are no new leaders who are very dynamic and popular in their milieus while some historic leaders of Solidarność somehow did not

⁸⁷¹ Jan Kubik and Amy Linch, “The Original Sin of Poland’s Third Republic: Discounting ‘Solidarity’ and its Consequences for Political Reconciliation,” In *The Polish Solidarity Movements in Retrospect: A Story of Failure or Success?* Eds. Dariusz Aleksandrowicz and Stefani Sonntag, pp:23-65. (GSEF: Berlin, 2009): 32.

⁸⁷² Prime Minister Mieczysław Rakowski commented about the debate between Lech Wałęsa and Alfred Miodowicz: “after listening carefully to what people are saying, it appears not only that, Lech Wałęsa’s post-debate popularity has risen, but that support for the reactivation of Solidarity increased....we can’t be blind to these realities. The debate has created new political atmosphere in Poland. Is it worse? The man who won the approval from most Poles because of that debate is not the same Walesa who in the fall of 1981 spoke at Radom of ‘violent confrontation.’ This Lech Walesa has a different political profile. He came across as the partisan of entente and compromise He has continued to give that impression in statements to the press and interviews. He didn’t disavow it during his stay in Paris, even when some of the expatriate community egged him on to take a more hardline anticommunist stance... the second part of the current plenary session will be held in mid-January. I am positive we will need to return to these topics.” Cited in Lech Walesa, *The Struggle and the Triumph: An Autobiography* (New York: Arcade Publishing, 1992), 173.

⁸⁷³ *Voice of America*, interview in December 6, 1988 with former leader of Solidarity Andrzej Gwiazda. *Warsaw PAP*, “Former Solidarity Leaders on Walesa TV Debate.” FBIS-EEU-88-237. 9 December 1988. P: 32. Another opponent to the ‘roundtable’ talks was Jozef Pinior. He was one of “staunchest opponent of Solidarity leader Lech Walesa’s cooperative stance with the government.” It is important to note that Wałęsa always supported the idea of peaceful negotiation with the government, and did not adopt a radical stance toward the government even after the imposition of martial law in 1981. Ibid.

⁸⁷⁴ The interviewer asked Andrzej Gwiazda about the ‘roundtable’ agreement in 1989 between the government and Solidarność, Andrzej Gwiazda answer was “Polecenie przyszło stamtąd. Najpierw była Magdalena, a później - pod kontrolą Moskwy - przy Okrągłym Stole, w ładnej oprawie, przyjmowano ustalenia magdalenkowe. Czyniono to bez sporów. "Przyjmuję wszystko, co pan generał powiedział" - odrzekł Lech Wałęsa po wysłuchaniu referatu gen. Czesława Kiszczaka.” Summarizing without translating this quote word by word, Andrzej Gwiazda said that the order to hold the ‘roundtable’ came from Moscow without any disputes, as Lech Wałęsa said “I accept everything you General said. After hearing the speech of Czeslaw Kiszczak.” In an online article titled, “Okrągły Stół został zaplanowany w Moskwie,” “The Round Table was Planned in Moscow.” http://www.se.pl/wiadomosci/polska/okragy-sto-zostazaplanowany-w-moskwie_94674.html The question by Super Express journal was “Co się stało w Polsce w 1989 r.?” So what happened in Poland in 1989.” Ibid.

know how to join in the stream of union life.”⁸⁷⁵ Opponents of the ‘roundtable’ talks between the government and Solidarność planned several rallies against the Solidarność’s ‘compromise’ with the Communists. For them, Solidarność should not cooperate with the Communist Party from the first place.⁸⁷⁶

On December 7, 1988, the government headed by Mieczysław F. Rakowski announced its reorganization plan for the economy in order to restructure the economy toward *marketization*, in particular in food industry because of the problem of shortage; and to expand the role of the private sector in the Polish economy. The aim of government reorganization strategy was to solve the chronic shortage of consumer goods and to improve the role of private sector and its contribution to Poland’s economy. The Council of Ministers, therefore, made the following decisions:⁸⁷⁷

1. A government Plan for the Consolidation of the National Economy for the years between 1989-90 was adopted.⁸⁷⁸ The plan was supposed to pay

⁸⁷⁵ Ibid.

⁸⁷⁶ Andrzej Gwiazda said in another interview that: “the idea of democracy was already buried at the preparatory meetings for the ‘roundtable.’ The group of the so-called ‘citizens’ committee- which was off course, was not freely elected but appointed- agreed to this undemocratic procedure, in order to take deputies of the ‘constructive opposition’ into parliament in this way. This constitutes the negation of the idea of democracy and freedom, these ideas were *compromised* by Walesa who aspires to a dictatorship. He openly admits this. He stated at the latest meeting that he does not consider the introduction of democratic procedures and submission to democratic decisions. Since the introduction of martial law in Poland in 1981, the idea of anti-democracy has been practiced here. All leading Solidarity organs are not elected, as provided by statute, but nominated.” Interview with vice chairman of the Solidarność, Andrzej Gwaizda. *Vienna PROFIL*, “Vice Chairman Gwiazda Queried.” 24 February 1989. FBIS-EEU-89-036. P: 34. Note that Andrzej Gwaizda ran against Lech Wałęsa and was defeated in elections for Chairman of Solidarność during the first Congress of Solidarność.. Lech Wałęsa got 55 percent of votes, while Andrzej Gwaizda got 9 percent of votes, and Walesa was reelected Solidarność leader for two years during the second round of Solidarity’s Congress (September 26-October 7, 1981). The Economist Intelligence Unit Report, Poland 1981, No. 1, P: 11.

⁸⁷⁷ *Warsaw TRYBUNA LUDU*, “Council of Ministers Meets 7 December on the Economy.” FBIS-EEU-88-239. 13 December 1988. P: 40.

⁸⁷⁸ This plan, consolidation plan, as reported by the Foreign Broadcast Daily Report of Eastern Europe, will include “an increase in the role of the market in establishing optimal use of production inputs, labor resources, capital, and foreign currency. The free movement of financial resources between economic agents will serve to create a capital market with a growing trade in bonds and shares and will introduce an element of competition within the framework of the new banking system. The free the exchange of foreign

particular attention to the development of areas of agriculture and food market to curb goods shortage.

2. The government approved the draft changes to the National Socioeconomic Plan for 1986-90. These changes included a shift from central investment projects to investment aimed at modernizing state enterprises.⁸⁷⁹
3. The government approved the Central Annual Plan for 1989.⁸⁸⁰
4. Draft laws on banking and the Polish National Bank were approved. They included fundamental changes in the banking system, the creation of new banks and their *decentralization*.⁸⁸¹
5. Approval of the social fund law and the social insurance law for individual farmers.⁸⁸²
6. The Council approved amendments to principles regarding the sale of land from the State Land Fund.⁸⁸³

currency will be one means of producing a uniform currency market with a view to achieving the partial and then full convertibility of the zloty. There are also a plans to create a real labor market to make more efficient use of labor resources....efforts will be made to eliminate monopolistic practices and economically unjustified economic structures. In cases in which indirect methods of demonopolizing the economy prove to be ineffective, monopoly enterprises will be broken up. Liquidation decisions will be made with respect to unprofitable enterprises." *Warsaw TRYBUNA LUDU*, "Council of Ministers Meets 7 December on the Economy." FBIS-EEU-88-239. 13 December 1988. P: 40.

⁸⁷⁹ Ibid.

⁸⁸⁰ Within this Plan, "income policy will be geared toward the strengthening of the incentive function of incomes while ensuring that the standard of living of the economically weakest groups will be maintained. Favorable conditions will be created for saving and for investing in housing construction and economic activity." Ibid.

⁸⁸¹ This law was supposed to allow for the establishment of new banks where banks would be independent and self-governing organizational units and would decide the range and choice of their activities. In addition, the Polish National Bank "will cease to provide direct loans to units in the national economy and will transfer these functions to newly created state banks. Its basic goal will be to strengthen Poland's currency by actively cooperating in the shaping of economic policy." Ibid.

⁸⁸² Ibid.

⁸⁸³ Ibid.

The above decisions of the government was a clear signs that market mechanism would play an important role in Polish economy, in particular, in food market. Decentralization envisioned in government plan to de-monopolize the economy. As mentioned earlier, the government lacked any legitimacy among Polish people, in particular, after the imposition of martial law, thus, it was unable to pursue any further economic reforms without reconciliation with the society. The situation in 1988, was concisely depicted by Professor Stefan Kurowski as follows:

Our situation 12 years ago, in 1976, was about the same as now [1988], and that is why we may assume that our situation in the year 2000 will also be as it is now. The premier will be over 50 or 60 years old, everyone will be older, a new generation will grow up, perhaps a new imported type of cars will appear on our roads, and the production of coal will certainly have shrunk. This forecast is a simple transportation of our present situation, but it is a very unpleasant forecast, because various changes will occur for the worse. The process of social degradation will continue, there will be disinvestment of fixed assets, and people will work even less efficiently, because they will lack incentives.⁸⁸⁴

Professor Kurowski presented a disturbing forecast for Poland future if the situation remains unchanged. Government total control over enterprise led to a lack of incentives in the part of workers and to the existence of several inefficient enterprises. As stated in the previous chapter, emigration had increased within the younger generation seeking a new life outside Poland, in particular in Western Europe. Lack of trust with government economic and political reform increased public apathy toward government activities. Adam Przeworski⁸⁸⁵ noted that the collapse of Communism in Poland and the rest of Eastern Europe was a collapse of

⁸⁸⁴ An interview with Professor Stefan Kurowski by Witold Gadomski, in *PRZEGLAD KATOLICKI*, "Socialist Economy's Viability Doubted." FBIS-EEU-88-234. 6 December 1988. P: 43.

⁸⁸⁵ Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge: Cambridge University Press, 1991), 6.

the ideological beliefs of the Party itself.⁸⁸⁶ Reformist party members had urged for negotiations with the opposition and started to detach themselves from Party hardliners and *nomenklatura*. The gap between these two factions widened. Division within the Party increased and calls for renewal under state socialism increased. However, efforts to save state socialism from collapse failed and the Communist Party disintegrated into several leftist parties.

International factors and the idea of the ‘roundtable’

Preparation for the ‘roundtable’ was prolonged and halted several times.⁸⁸⁷ In 1988, external conditions were more favorable for Poland to implement political and economic reforms. One of the external favorable factors for the ‘roundtable’ negotiations came with Mikhail Gorbachev’s *perestroika*⁸⁸⁸ and *glasnost* ideas in the USSR in 1987 - of which it was said that “it was the first time in history, the

⁸⁸⁶ Jacqueline Hayden also stated: “the collapse was not, of course, confined to the party alone. Society also became accustomed to a sort of double-speak. There was a clash between official discourse, where the official line was parroted, and reality of everyday family and social language.” Jacqueline Hayden, *The Collapse of Communist Power in Poland: Strategic misperception and unanticipated outcomes* (New York and London: Rutledge: 2006), 3.

⁸⁸⁷ In a question about ‘if the likelihood of the ‘roundtable’ talks is much smaller?’ Professor Arther Bodnar, political scientist and government advisor of the ‘roundtable’ negotiation, in *GLOS SZCZECINSKI*, answered that “the chances are still high... the events of the past fortnight have introduced new factors into the dispute, which has until recently surrounded the formula for the roundtable talks. Among these new factors, I would emphasize the question of trade union and workers’ concerns emerging more and more distinctly form within the Solidarity camp. At the same time the authorities are also introducing new factors into the situation. For example, they have initiated a rationalization of the economy and decided either to close down a number of enterprises or to subject them to major organizational and technical restructuring operations. This in turn carries with it many serious problems connected with workforces’ social welfare concerns, which pose new, real-life challenges to individual industrial union organizations and Solidarity-oriented groups-challenges coming to them straight from which to view the question of the Polish model of the trade union movement.” *Szczecin GLOS SZCZECINSKI*, “Government Aide Assesses Roundtable Prospects.” FBIS-EEU-88-234. 6 December 1988. P: 46.

⁸⁸⁸ David Lane argued that “perestroika undermined state socialism economically, ideologically and politically: the organizing principles of the centrally managed and controlled economy were cast in doubt; Marxism-Leninism was subverted; the party as the dominant political institution was destroyed.” Cited in Jacqueline Hayden, *The Collapse of Communist Power in Poland: Strategic misperception and unanticipated outcomes* (New York and London: Rutledge: 2006), 6.

conciliatory steps of Polish reformers were welcomed and supported in Moscow.’’⁸⁸⁹

With the realization of the pressure from opposition movements, the government was forced to look at the opposition as credible partners in negotiations.⁸⁹⁰ Changes in the motherland of the Communist ideology had a direct impact on satellite states. The USSR, the empire that dominated Eastern Europe ideologically and economically, came to the realization that reform would not produce an economy that was parallel to advanced industrial countries. Thus, Gorbachev initiated his new political and economic ideas that changed the whole international system and led to the unintentional collapse of the Soviet Union and end of the Cold War in 1991. In his speech at the General Assembly,⁸⁹¹ Gorbachev said:

The role played by the Soviet Union in world affairs is well known, and in view of the revolutionary perestroika under way in our country, which contains a tremendous potential for peace and international co-operation, we are now particularly interested in being properly understood... the world in which we live today is radically different from what it was at the beginning, or even in the middle, of this century, and it continues to change, as do all its components... we are witnessing most profound social change. Whether in the East or the South, the West or the North, hundreds of millions of people, new nations and States, new public movements and ideologies have moved to the forefront of history⁸⁹² (underline from the original document).

As the quote above shows, Gorbachev was embarking on a new vision of economic and political reforms. At the same time, this change that took place was aimed at reducing the arms race that had exhausted the Soviet Union and East

⁸⁸⁹ Osiyatynski1996: 25.

⁸⁹⁰ Ibid., 24.

⁸⁹¹ I had accessed to all speeches of General Assembly of the United Nation of USSR, Poland and the United States through UN library online.

⁸⁹² General Assembly Statement of the United Nations, Forty-third Session: Provisional Verbatim record of the Seventy-Second Meeting. Address by Mikhail Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, President of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republic, which held at headquarters in New York, on December 7, 1988, at 10.30 a.m. A/43/PV.72. To see the full speech by Gorbachev, visit UN Library documentation archives.

European nations during the peak of the Cold War. This is clear in the statements made by many officials of the Soviet Union and the United States about their intention to normalize relations, which had never been imagined before by either side.

Thus, in 1989, external factors favored a radical change in Eastern European nations. Gorbachev's New Thinking gave a 'window of opportunity,' to reformers to initiate talks with the opposition and facilitated the collapse of the planned economic system. As many observers agree, Gorbachev's initiatives unintentionally led to the demise of one of the main powers in the international system, the USSR. The decline of USSR power was precipitated by its economic crisis and accelerated by events in the Eastern European satellite states.

Another major factor was Western countries. There were clear signs of support for reforms in Poland from Western countries. George Bush and Margret Thatcher expressed their approval and support for Poland and for Gorbachev's vision of radical reforms. They also showed their support for Solidarność from the start. However, the relationship between the United States and Poland deteriorated after the latter declared martial law in 1981. The United States responded by imposing economic sanctions, and since then the relationship between the two states had deteriorated. John Davis, U.S Ambassador to Poland, stated five major conditions for Western governments to bailout Poland and help with its economic problems. These were:⁸⁹³ 1) "serious negotiations between the government and the opposition;"⁸⁹⁴ 2) "the introduction of 'political pluralism';"⁸⁹⁵ 3) "relegalization of

⁸⁹³ Osiyatynski 1996, 25-26

⁸⁹⁴ Ibid.,25.

Solidarity’;⁸⁹⁶ 4) “a fair share in government for the opposition;”⁸⁹⁷ and 5) “free elections.”⁸⁹⁸ The United States, after the idea of the ‘roundtable’ talks, declared its readiness to help Poland with its economic reforms and expressed, as will be shown in this chapter, its readiness to grant Poland a loan to restructure its economic system.

Both sides, the government and Solidarność, learned the lessons from December 1981, during the period of martial law, and thus, “the only precondition of such talks was the recognition of a common national interest, distinct from the particular interests of each side.”⁸⁹⁹ According to Adam Michnik, “Poland is the only country in which there really is an independent interlocutor. It is a mass movement with roots in the factories, in the scientific institutes, in higher education, and in the countryside. And the government must seek a compromise solution with this movement. Now, for the first time, something has changed.”⁹⁰⁰ Both sides, the government and the opposition were attempting this dialogue in the form of ‘roundtable’ talks, because “both sides are strong enough to block

⁸⁹⁵ Ibid., 25-26.

⁸⁹⁶ Ibid., 26.

⁸⁹⁷ Ibid.

⁸⁹⁸ Ibid.

⁸⁹⁹ Ibid., 27. Osiatynski summarized the whole situation in Poland prior to the ‘roundtable’ talks, by saying that “by the spring of 1989, Poland was in the midst of an immense crisis- economic, social, political, and moral.” He added “between 1982 and 1987, the government tried to win legitimacy by alternating between carrot and the stick. In 1985, the Polish parliament implemented very harsh changes in the penal code... in 1987, the government made an attempt at economic reform that involved significant escalations in the prices of consumer goods. To win legitimacy, the government submitted the proposal for popular referendum, and lost. In May 1988, strikes broke out at the Gdansk shipyard, Solidarity’s birthplace, and in the Nowa Huta Lenin steel mill near Krakow. In September, a new wave of strikes took place in a great number of factories.” Ibid., 23.

⁹⁰⁰ Adam Michnik interview with *LA VANGURADIA* Spain Journal on February 9, 1989. Barcelona *LA VANGURADIA*, “Spanish Daily Queried Adam Michnik on Roundtable.” FBIS-EEU-89-040. 2 March 1989. P: 27.

each other, but not strong to eliminate each other. This has led to country to a situation of degradation.”⁹⁰¹

Internal division within the Party was clear; it was even more severe than the situation with the Solidarność movement, which unified different political and economic orientations. The movement itself was embraced by a large part of the society. The ‘roundtable’ talks constituted a peaceful evolution for new institutional arrangements. The ‘roundtable’ came at the end of 1988 but was halted several times until the government and Solidarność decided to start them in February 1989 after several weeks of preparatory works and selection of the names of participants.

The inauguration of the ‘roundtable’ talks took place in February 6, 1989 at the Council of Ministers Palace. In his address to the participants,⁹⁰² General Czesław Kiszczek, one of the initiators of the ‘roundtable’ idea,⁹⁰³ said that both the government

⁹⁰¹ Ibid., 28.

⁹⁰² The first session of the ‘roundtable’ were attended by: Tomasz Adameczuk, Norbert Aleksiewicz, Stefan Bratkowski, Zbigniew Bujak, Stanisław Ciosek, Father Bronisław Dembowski, Władysław Findeisen, Władysław Frasyniuk, Bronisław Geremek, Aleksander Gieysztor, Mieczysław Gil, Wiesław Gwizdz, Aleksander Hall, Marek Holdakowski, Jan Janowski, Janusz Jarliniski, Czesław Kiszczak, Zenon Komender, Jan Kostrzewski, Mikołaj Kozakiewski, Władysław Liwak, Maciej Manic, Harald Matuszewski, Tadeusz Maiecki, Jacek Merkel, Adam Michnik, Leszek Miller, Alfred Midowicz, Kazimierz Morawski, Janusz Narzyski, Father Alojzy Orszulika, Jerzy Ozdowski, Alojzy Pietrzyk, Edward Radziejewicz, Tadeusz Rackiewicz, Jan Rychlewski, Henryk Samsonowicz, Władysław Silanowicki, Zbigniew Sobotka, Romouald Sosnowski, Andrzej Stelmachowski, Stanisław Stomma, Klemens Szaniawski, Jan Józef Szczepanski, Edward Szwejkiwicz, Józef Slisz, Wiltold Trzeciakowski, Jerzy Turowicz, Lech Wałęsa, Andrzej Wielowieyski, Stanisław Wisniewski, Jan Zaciura, Edward Zglobicki. *Warsaw PAP*, “Attendees Enumerated.” FBIS-EEU-89-024. 7 February 1989. P: 26. In his opening speech, Czesław Kiszczak asserted the importance of these talks. He said: “at the a time when we are commencing these debates, we are enjoying the benefit of social trust. People abroad are listening to these debates with great attention, which puts new and even greater tasks before the participants in the roundtable. The authorities, by coming to this meeting, have drawn several basic conclusions from the period which has gone before. The first conclusion is that in Poland one must build socialism based on our own Polish character, democratic socialism with humanitarian content. One must overcome conservative inhibition but also give up unrealistic demands. One should also put an end to the moral disintegration of the nation, which unfortunately has surfaced in recent years.” *Warsaw Television Service*, “6 Feb Proceedings Detailed.” FBIS-EEU-89-024. 7 February 1989. P: 26. Note here that the government initiated these negotiations with the opposition, for the hope that it can save socialism, not to eradicate the whole system. Thus, one can argue that the government has unintentionally negotiated the fall of its own system.

⁹⁰³ Czesław Kiszczak said that the four main conclusion drawn from the past that brought about the ‘roundtable’ and forced the government and the oppositions to set together and discuss the future of

and Solidarność shared responsibility for the future of Poland: “we are all brought together here by the sense of responsibility for the future of our motherland. We are all responsible for the Poland to be.”⁹⁰⁴ Bronisław Geremek, from the Solidarność opposition side, said: “seven years have been wasted, and for Poland that is 7 years too much. Now there is a chance. I hope that both sides will be aware that this is a very great chance, that we will all pay the price for wasting it.”⁹⁰⁵ Some groups were excluded from the ‘roundtable’ talks, among them extreme nationalists, sectarians, Communist Party hardliners associated with security services, and the army.⁹⁰⁶

The ‘roundtable’ talks participants decided to have three main working teams: economic and social policy affairs, under the chairmanship of Władysław Baka and Witold Trzeciakowski; union pluralism affairs, under the chairmanship of Aleksander Kwaśniewski, Tadeusz Mazowiecki and Romuald Sosnowski; and political reform affairs, under the chairmanship of Bronisław Geremek and Janusz Rejkowski. In each table, the government is represented and Solidarność is represented. Adding to these main three ‘sub-tables,’ there were other small ‘sub-tables’ headed by sub-teams for:

Poland were: 1) “the methods of government must be relevant to the requirements of socialism with a clearly democratic and humanistic face. Political relations in Poland ought to reflect fully the differentiation of convictions and interests and create the conditions for their legal agreements;” 2) “such far-reaching changes in Poland require that both conservative restraints and the increase in unrealistic demands and various pressures be decisively overcome. Renewal requires social calm, the consideration and the responsibility of all partners, the widening of the social base of reforms and management, and the formulation through dialogue of a policy beneficial for the state and society;” 3) “we must accept the philosophy of the need and also the gradual nature of transformations, both their delay and their artificial, fevered acceleration would lead to accumulating conflicts and result in hampering, not deepening this complex process;” 4) “none of the national problems will be resolved by denying historical achievements and undermining the *socialist shape of Poland*, by aggravating divisions leading to the waste of nation’s energy, to agitation and moral disintegration.” *Warsaw Television Service*, “Kiszczyk Opens Meeting.” FBIS-EEU-89-024. 7 February 1989. P: 28. Italics added.

⁹⁰⁴ *Warsaw PAP*, “Attendees Enumerated.” FBIS-EEU-89-024. 7 February 1989. P: 26.

⁹⁰⁵ *Warsaw Television Service*, “Participants Voice Aspirations.” FBIS-EEU-89-024. 7 February 1989. P: 26.

⁹⁰⁶ Lech Wałęsa *The Struggle and the Triumph: An Autobiography* (Arcade Publishing: New York, 1991), 175.

1. Agriculture.⁹⁰⁷
2. Mining.
3. Legal and court reform.⁹⁰⁸
4. Associations and territorial self- government.
5. Youth.
6. Mass media.
7. Science.
8. Education and technical progress.
9. Health.
10. Ecology.
11. Housing policy.

It is clear that the initiation of the ‘roundtable’ talks came as a reaction to the deteriorating economic, social and political situation in Poland since late 1987. The surrounding international environment also helped give birth to the idea of negotiation and compromise. The first attempt at bargaining between the government and the opposition represented by Solidarność came in August 1980, but during that time, the international environment was not as favorable as it was in 1989. During 1981, the Soviet Union was ready for military intervention to repress protests in any of the satellite states,

⁹⁰⁷ The team for agriculture small-table chaired by Stanislaw Sliwinski and Andrzej Stelmachowski. The focal topic in this table was the introduction of market mechanism in food industry to improve competition in food industry and to solve the problem of shortage. *Warsaw TRYBUNA LUDU*, “Agenda Outlined, Members Listed.” FBIS-EEU-89-033. 21 February 1989. P: 39.

⁹⁰⁸ Legal and judicial reform chaired by Lukasz Balcer and Adam Strzembosz. *Warsaw TRYBUNA LUDU*, “Teams Members Listed.” FBIS-EEU-89-033. 21 February 1989. P: 37. One of the major issue discussed in this table were the issue of impartiality of courts and judges and the need for immediate and radical constitutional changes and reforms.

as was the case with Czechoslovakia in 1968. The major topic for discussion at the 'roundtable' talks was the economic crisis. Czesław Kiszczak stressed the need for economic reform as a collective project. In his opening speech at the 'roundtable' talks, he said:

The economic reform depends largely on the support from and readiness to make them a reality on the part of a decisive majority of social forces. This is because it requires patience and a practical acceptance of the constraints of the effective operation of the economy with a simultaneous concern for social justice, for the everyday life of the working class and all the working people in towns and in the rural areas. We regarded the acceptance of shared responsibility for the reforms.⁹⁰⁹

One of the major 'sub-tables' was the economic table, which will be discussed in detail later in this chapter. A model of a *New Economic Order* was proposed. This New Economic Order was supposed to include measures that would ensure the effective implementation of reforms and, in particular, halt rising inflation and solve the issue of Poland's indebtedness to foreign creditors. Equally important, was the issue of trade pluralism, which occupied discussions between the government and the opposition. Also important was Lech Wałęsa's demand for the legalization of the Solidarność trade union as a pre-condition for negotiation and compromise.

⁹⁰⁹ *Warsaw Television Service*, "Kiszczek Opens Meeting." FBIS-EEU-89-024. 7 February 1989. P: 30. In similar vein, Wałęsa said: "the catastrophe of the Polish economy is our greatest national complaint.... We will not find magical remedies, no genie or magic lamp is going to help us. In this sphere we should return to normality. It is most important to get refloated from the sandbank and to define the proper direction. Inflation should be halted. I said once that we do not wish to collect our wages with suitcases. Now one must go with a suitcase full of money even to a grocery store. This creates general fear. In such conditions one cannot count on better job or savings.... It should be started - referring to reforms - in three spheres: first, the law and the judiciary, so that the courts become truly independent and just; second, in the mass media that are now almost entirely under the command of one party; thirdly, at the local level, starting from the grassroots, it is necessary to restore real territorial self-government." *Warsaw Television Service*, "Walesa Addresses Audience." FBIS-EEU-89-024. 7 February 1989. P: 32-33. To view all speeches at the inaugural meeting of the 'roundtable,' on February 6, 1989 see Daily Reports of Eastern Europe, under FBIS-EEU-89-024, were representative of farmers, miners, political parties like the ZSL, The United Peasant Party gave a speech at the opening ceremony. A total of nine speeches at the inaugural meeting of the 'roundtable.'

During the first day of the ‘roundtable’ talks, more than 4,000 miners took part in a strike at the Belchatów mine.⁹¹⁰ The strikers demanded an increase in their wages and legalization of Solidarność.⁹¹¹ Lech Wałęsa, in his autobiography, stated that these strikes were incited by the OPZZ and manipulated by the government.⁹¹² He believed that Solidarność was ready for talks but that there were other forces that might hinder the progress of the talks.

The idea of the ‘roundtable’ did not come from a vacuum. The economic situation, as well as the divisions within the Party itself, which was struggling for ideological renewal, contributed to the desire for compromise and cooperation with the opposition represented by Solidarność. Solidarność was also in a weak position due to the years of underground activities and division within the movement itself. The Party’s weakness was expressed by Wojciech Jaruzelski, at the Third Nationwide Theoretical and Ideological Conference in Warsaw in February, just few days before the start of the ‘roundtable’ talks, when he said:

Comrades, Poland is going through a period of profound transformations. These transformations are being born amid various contradictions, during the course of discussions and disputes, and a social dialogue that is encompassing increasingly wider circles. Change are being instituted, the essence and goal of which is to ensure that - in theory and in practice - socialism always means

⁹¹⁰ The strikes started on the day of the ‘roundtable’ and ended after strikers reached an agreement with the government.

⁹¹¹ *Lodz Domestic Service*, “Wage Increase Demanded.” FBIS-EEU-89-025. 8 February 1989. P: 36.

⁹¹² Lech Wałęsa stated that during the opening of the ‘roundtable’ talks on February 6, that: “Miodowicz’s men called a strike in the Bachatow coal mine, known for its extremely tough working conditions. Soon after, seven thousands out of only of the twelve thousands workers there joined the strike. Negotiations began only in February 8. The situation deteriorated. Meanwhile, members of the OPZZ attempted to touch off another strikes at the nearby power station at Belchatow, but were prevented from doing so by the local branch of Solidarity’s Organization Committee. Fortunately, the striking miners recognized that at some point there were more important causes to fight for than immediate wage hikes, and the strike ended. The miners of Belchatow didn’t realize that they had been manipulated by the government.” Lech Walesa, *The Struggle and the Triumph: An Autobiography* (New York: Arcade Publishing, 1992), 176.

humanism and democracy and that socialist justice grants a high degree of social economic efficiency.⁹¹³

The above quote indicates that the Party was engaging in an internal ideological socialist renewal. An assessment also offered by General Jaruzelski about the role of the Party in the process of social, economic and political changes in the country in regard to the involvement of the Solidarność in negotiations for the creation of a new ‘social contract.’ The Party was divided between supporters of the ‘roundtable’ negotiations, and between opponents who rejected the idea from the start. Similarly, within Solidarność there were supporters and opponents to the idea of cooperation and compromise with the Communist Party. This new social contract that suppose to result from the ‘roundtable’ had to take into account democratic pluralism through drastic political reforms and trade pluralism through legalization of trade unions, in particular, Solidarność.

The following table shows the names and professions of the 57 participants in the ‘roundtable’ talks extracted mainly from Foreign Broadcast Information Service (FBIS), Eastern Europe Daily translated reports: Poland section, and from the Solidarność website.⁹¹⁴

⁹¹³ *Warsaw TRYBUNA LUDU*, “Theoretical, Ideological Conference Opens: Jaruzelski Speaks.” FBIS-EEU-89-025. 8 February 1989. P: 43.

⁹¹⁴ Reported in the *Warsaw PAP*, “Biographical Data on *Round Table* Participants.” FBIS-EEU-89-025. 8 February 1989. P: 34-35. Most of the information included in table 5.3 extracted from this translated report.

Table 5.3: Participants of the ‘roundtable’ and their profession/affiliation ⁹¹⁵

Name of Participant	His/her Profession, affiliation
Zbigniew Bujak ⁹¹⁶	Leader of the broad of the Mazowsz region of the NSZZ (<i>Niezależny Samorządny Związek Zawodowy</i>) Solidarność, in the period between 1981-1989. Arrested for his underground activity with Solidarność after the imposition of martial law in December 1981.
Tomasz Adamczuk	Farmer. Member of the <i>Zjednoczone Stronnictwo Ludowe</i> (ZSL-Poland peasant Party's). <i>Sejm</i> Deputy.
Stefan Bratkowski	Journalist. From 1980-1982, was the president of the <i>Stowarzyszenia Dziennikarzy Polskich</i> (the Association of Polish Journalist -SDP)
Stanisław Ciosek ⁹¹⁷	Political Bureau member, PZPR CC secretary. General Secretary for the Patriotic Movement for National Rebirth (PRON) National Council.
Norbert Aleksiewicz	Farmer- and leader of the National Union of Farmers and Agricultural Circles and Organizations. PZPR (<i>Polska Zjednoczona Partia Robotnicza</i>) member. <i>Sejm</i> Deputy.
Władysław Findeisen	Professor of the Warsaw Technical University. Leader of the social council at Poland's primate.
Wiesław Gwizdz	Chairman of the voivodship branch of the Polish Catholic-Social Union in Katowice. <i>Sejm</i> Deputy.
Aleksander Hall	Journalist- vice president of the club of political thought <i>Dziekania</i> - a free-market oriented group.
Marek Holdakowski	First Secretary of the PUWP voivodship committee in Gdansk

⁹¹⁵ *Warsaw PAP*, “Biographical Data on Round Table Participants.” FBIS-EEU-89-025. 8 February 1989. P: 34-35.

⁹¹⁶ He was arrested for three years and a half for participation with Solidarność as an underground leader who published an underground journal after the imposition of martial law. He was freed after the general amnesty of political prisoners in 1986.

⁹¹⁷ Stanisław Ciosek regarded as reformist Party member. He was one of the negotiators with Solidarność in 1980-1.

Jan Janowski	Professor- member of the presidium of the Democratic Party. <i>Sejm</i> Deputy.
Janusz Jarliniski	Electrician- leader of Trade Union Organization of Employees of the Krupinski mine in Suszec.
Czesław Kiszczak	Minister of Internal Affairs. A chairman of the government Committee for Observance of Law, Public Order and Social Discipline, PUWP CC Political Bureau member. <i>Sejm</i> Deputy.
Zenon Komender	Vice President of the Council of State. Chairman of the Pax/ <i>Stowarzyszenie</i> main board
Jan Kostrzewski	Professor- President of the Polish Academy of Sciences. Member of the Consultative Council.
Mikołaj Kozakiewski	Professor- ZSL CC Presidium member. PRON member. <i>Sejm</i> Deputy.
Władysław Liwak	Member of the broad of the Sandomierz region of the NSZZ Solidarność in the years from 1980-1981. A secretary of the strike committee at the Stalowa Wola in August 1988.
Maciej Manic	OPZZ (All Poland Alliance Trade Union) member. Chairman of the Federation of Trade Union of Shipyard Workers.
Harald Matuszewski	Employess of the voivodship transport enterprise in Bydgoszcz.
Tadeusz Maiecki	Journalist- vice president of the Warsaw <i>Klub Inteligencji Katolickiej</i> (Club of Catholic intelligence) KIK. Editor in chief of Solidarność weekly.
Jacek Merkel	Solidarność Activist in 1980-1981. Member of the Solidarność founding committee at Gdansk shipyard.
Adam Michnik ⁹¹⁸	Historian, dissident intellectual- Solidarność NSZZ expert of the Mazowsze region.

⁹¹⁸ <http://wyborcza.pl/0,93056.html>. Michnik is an editor to the daily newspaper *Gazeta Wyborcza* since 1989.

Leszek Miller ⁹¹⁹	PUWP CC secretary.
Alfred Midowicz	OPZZ chairman- PUWP CC Political Bureau member. <i>Sejm</i> Deputy.
Kazimierz Morawski	Journalist- chairman of the Christian-Social Union. Member of the Council of State. <i>Sejm</i> Deputy.
Janusz Narzyski	Bishop of the Evangelical Augsburg Church- vice-chairman of the Polish ecumenical council.
Father Alojzy Orszulika	Catholic priest- head of the episcopate press office. Member of the mixed commission of representatives of the Holy See and Poland's episcopate for Church public affairs.
Jerzy Ozdowski	<i>Sejm</i> Deputy speaker- vice-chairman of the PRON National Council.
Alojzy Pietrzyk	Solidarność activist in the Manifest Lipcowy mine during the year from 1980-1981. And he became the vice-chairman of the inter-factory strike committee in Jastrzebie.
Edward Radziewicz	Employee at the Szczecin -chairman of the interfactory strike committee in Szczecin in 1988.
Tadeusz Rackiewicz	Technician at Manieczki farm- chairman of the trade union in the state farm. And a member of the National Council of Federations of Trade Unions of Agricultural Workers.
Jan Rychlewski	Professor-chairman of the PAN outer space research committee.
Henryk Samsonowicz	Professor and historian.
Wladyslaw Silanowicki	Lawyer- advisor to the NSZZ Solidarność.
Zbigniew Sobotka	Employer at the Warszawa steelworks. Member of the PUWP CC Political Bureau.

⁹¹⁹ Leszek Miller served as a Prime Minister of Poland from 2001-2004. And currently, he is the leader of the Democratic Left Alliance.

Romouald Sosnowski	OPZZ vice-chairman- member of Presidium of the Socio-Economic Council at the <i>Sejm</i> .
Andrzej Stelmachowski	Professor – advisor to the strike committee at Gdansk shipyard. Advisor to the NSZZ Solidarność. KIK president in Warsaw.
Stainislaw Stomma	Lawyer- Journalist. He was a former chairman of the social council at Poland's primate.
Klemens Szaniawski	Professor- chairman of coordinating committee of artists and scientists' associations.
Jan Jozef Sz czepanski	Writer- Pen-club member. He was a chairman of the former Union of Polish Writers (ZLP).
Eduard Szwajkiewicz	Wireman at Gdansk Shipyard. Solidarność activist.
Jozef Slisz	Farmer- activist of NSZZ Solidarność of farmers.
Wiltold Trzeciakowski	Economist professor- member of the Social Council at Poland's primate.
Jerzy Turowicz	Editor in-chief of the <i>TYGODNIK POWSZECHNY</i> .
Lech Wałęsa	Chairman of Solidarność. Electrician at the Gdansk Shipyard. Noble Peace Prize winner in 1983. ⁹²⁰ He won Presidential election in 1991, and became the first democratically elected President in Poland since 1945.
Andrzej Wielowieyski	Lawyer- economist. Solidarność expert in the years of 1980-1981. KIK activist.
Stanislaw Wisniewski	Drawer (lithography)- chairman of the National Council of Trade Unions of Employees of Printing Industry. Chairman of the OPZZ Labour Veterans' Council.

⁹²⁰ He would become President of Poland from December 1990 until December 1995.

Jan Zaciura	Vice-chairman of the Union of Polish Teacher.
Edward Zglobicki	Member of the presidium and secretary of the Democratic Party.
Jacek Kuroń	Lech Wałęsa Advisor and Solidarność expert since 1981. He would be the Minister of Labor for the first Solidarność government in 1989.
Anna Przecławski	Professor- member of the Consultative Council. Member of the Presidium of the Executive Committee of PRON National Council.
Tadeusz Mazowiecki	Journalist-vice-president of the Warsaw Club of Catholic Intelligentsia (KIK). In 1981 he became an editor-in-chief of Solidarność weekly. Eventually, he headed the first non-Communist government in Poland since 1945 in August 1989. His government adopted a radical approach in restructuring Polish economy through ‘shock therapy,’ which also well known as ‘Balcerowicz Plan.’ ⁹²¹
Aleksander Kwaśniewski	Minister. Member of the Council of Ministers. Chairman of the government Socio-Political Committee.
Władysław Frasyniuk	Chairman of the board of the lower Silesia region of the NSZZ Solidarność.
Bronisław Geremek	Well-known Polish historian- Lech Wałęsa advisor. From 1955 to 1985, Geremek worked at the Institute of the Polish Academy of Sciences at Warsaw University. ⁹²²
Władysław Baka	Well –known Economist. Professor at Warsaw University. PZPR member. Represent the government at the ‘roundtable’ talks.
Aleksander Gieysztor	Professor- director of the royal castle in Warsaw. Member of the Consultative Council at the President of the Council of State.
Mieczysław Gil	Chairman of Workers Commission of Metallurgical Workers Solidarność.

⁹²¹ Chapter six discusses the elections of June 1989 and the aftermath of Solidarność victory.

⁹²² <http://www.telegraph.co.uk/news/obituaries/2419971/Professor-Bronislaw-Geremek.html>

Jan Karol Kostrzewski	Professor- President of PAN (the Polish Academy of Sciences). Member of the Consultative Council of the Council of the State.
Marek Holdakowski	First Secretary of the PUWP voivodship committee in Gdansk.

The above table shows the number of participants given to both the government and the opposition and other parties involved in the ‘roundtable’ negotiations. As mentioned before, each sub-table had representative from both the government and Solidarność.

Decline of trust between the society and the Party in Poland started in the mid-1960s and increased tremendously after the events of 1980-81. According to Witold Marowski, “Poles have concluded that the system is not living up to the promises it made. It has also become obvious to a large segment of society that leading party and government bureaucrats- the ‘center,’ for short - do not have the ability to deal with the demands of various interest groups throughout the country.”⁹²³ While Solidarność, and the Church, on the other hand, represented for the society “moral authority.”⁹²⁴ The situation necessitated talks between the government and Solidarność. Thus, the major focus at the ‘roundtable’ was on the issue of political reform, economic reform, and trade pluralism, in particular the issue of Solidarność legalization.

⁹²³ Witold Morawski, “A Sociologist Looks at Public Opinion, Politics, and Reform,” In *Creditworthiness and reform in Poland: Western and Polish Perspectives*, ed. Paul Marrer and Włodzimierz Siwiński, pp. 93-102 (Bloomington: Indiana University Press, 1988): 93.

⁹²⁴ *Paris LIBERATION*, “Solidarity Adviser Interviewed.” FBIS-EEU-89-026. 9 February 1989. P: 25.

Political Reform Sub-table

The sub-table for Political Reform team began its meeting on February 10, 1989, and was co-chaired by professor: Bronisław Geremek and professor: Janusz Rejkowski. It is important to note that the Church made an important contribution at the 'roundtable,' but as an observer during the negotiations.⁹²⁵ The role of the Church, according to Father Alojzy Orszulik, was needed as a credible witness and sometimes as a mediator. He said that:

Representatives of the Church were not silent participants in preparatory talks, whereas at the roundtable they act in capacity of observers. Such is the mandate we received from the episcopate. Solidarity and the government side alike requested that Church representative be present... to convince the sides that there is no other way out, that the meeting is necessary, that they must talk to each other, that a genuine dialogue between those governing and those governed must take place.⁹²⁶

Equally important is to mention that the OPZZ (Ogólnopolskie Porozumienie Związków Zawodowych) presented itself as an independent during the 'roundtable' negotiations. Solidarność represented by Bronisław Geremek, and the government side represented by Janusz Rejkowski.⁹²⁷ The main concerns for this sub-table were:

⁹²⁵ The Church played a prominent role in getting the roundtable talks to take place, but it has chosen the role of observer during the negotiation.

⁹²⁶ *Warsaw PAP*, "Church Official on Roundtable Talks." Interviews published by *PRZEGLĄD Katolicki*, the weekly of Warsaw archdiocese. FBIS-EEU-89-046. 10 March 1989. P: 40.

⁹²⁷ The political reform table composed of 34 members: Jan Baszkiewicz (PUWP), Piotr Baumgart (Solidarność, Private farmer), Ryszard Bender (Sejm Deputy– Catholic group), Jan Bluszkiewicz (PUWP), Artur Bodnar (Professor of Political science), Zbigniew Bujak (Solidarność), Kazimierz Cypryński (PUWP CC secretary), Zbigniew Czajkowski (Pax Catholic Association), Andrzej Gdula (PUWP), Stanisław Gebethner (Professor, independent), Mariusz Gulczynski (Professor, PUWP), Aleksander Hall (Solidarność), Jan Jachymek (United Peasant Party –ZSL), Jarosław Kaczynski (non-registered Solidarność), Krzysztof Kozłowski (independent Catholic group), Marcin Krol (independent, editor in chief of the *RES PUBLICA*), Bogdan Krolewski (United Peasant Party –ZSL), Hieronim Kubiak (professor, PUWP), Jacek Kuroń (Solidarność), Bogdan Lis (non-registered Solidarity), Tadeusz Mazowiecki (Solidarność advisor), Adam Michnik (Solidarność), Rajmund Moric (OPZZ), Kazimierz Orzechowski (Christian Social Union), Ryszard Rejff (independent), Jan Rychewski (scientist, government side), Janusz Rejkowski (co-chairman PUWP Political Bureau member), Antoni Stawikowski (Solidarność), Adam Strzembosz (professor, independent), Jerzy Uzieblo (OPZZ), Jerzy J. Wiatr (professor,

1) restructuring the national parliament and the inclusion of representatives of the opposition in the following elections of the *Sejm* and the Senate; 2) the institutions of the President office and his powers; and 3) access to mass media.⁹²⁸ In other words, the political reform sub-table was concerned mainly with establishing the new political institutional arrangements. Geremek described the Solidarność program for Poland's political reform as “how to return the state to the nation.”⁹²⁹ The main demands for Solidarność were:⁹³⁰ 1) The restoration of the institution of the Presidency of the republic instead of the present State Council which was created during the Stalinist period; 2) Independency and neutrality of courts to allow citizen fair trial; 3) Canceling the single-party monopoly in the sphere of politics, the creation of a multi-party system and breaking its monopoly over mass media; 4) Freedom of associations for the creation of social and political clubs; 5) Political pluralism, represented through democratic elections and political freedom; and 6) the creation of authentic territorial self-government. The re-legalization of the Solidarność was the major condition to reach social peace.⁹³¹ Democratic transition was the ultimate goal for the Political Reform sub-table through evolution rather than revolution. In the words of Jacek Kuroń: “we are creating the conditions for the wide

PUWP), Piotr Winszorek (Democratic Party-SD), Jan Zaciura (Solidarność), Janina Zakrzewska (Solidarność), Sylwester Zawadzki (professor, PUWP). Source: *Warsaw PAP*, “Affiliations of Third Team Noted.” FBIS-EEU-89-028. 13 February 1989. P: 36-37. Further information about the participants in this sub-table included in table 5.3.

⁹²⁸ Osiatynski 1992: 43-45.

⁹²⁹ *Warsaw Domestic Service*, “Bronislaw Geremek On Solidarity Position.” FBIS-EEU-89-028. 13 February 1989. P: 37.

⁹³⁰ Ibid.

⁹³¹ Ibid.

social masses to take part in this. For people must create democracy for themselves.”⁹³²

The government proposed the creation of a new parliament, with 65 percent of seats to be allocated to the Party and its allies and 35 percent to Solidarność-opposition side. This proposal incited heated public discussion about Poland’s prospects for transition to democracy. However, for Solidarność, this entailed a big step toward democracy and a long-term change in Poland’s political institutions. As stated by Wiktor Osiatynski, that “the opposition was willing to accept the predetermined elections results in return for totally free campaigns and equal access to mass media.”⁹³³ Geremek argued that this agreement entailed “the abrogation of the article in the Constitutions that enshrines the Party’s monopoly and leading role.”⁹³⁴ Constitutional reforms were another major topic discussed at the Political Reform sub-table, in particular, the ‘leading rule of the Party’ related article. Another issue, which incited a heated discussion and difference of opinion, was the issue related to the introduction of the presidency office and his power.⁹³⁵

The ‘roundtable’ team for Political Reform met several times in an attempt to reach a consensus on the future political institutions. Discussions developed on two major issues: 1) the institution of the presidency; 2) the institution of a second

⁹³² *Warsaw Domestic Service*, “Participants Comments on Session.” FBIS-EEU-89-028. 13 February 1989. P: 38.

⁹³³ Osiatynski 1992: 45

⁹³⁴ Bronisław Geremek added that “as a one-only solution, the accord should guarantee the present government coalition a parliamentary majority. The agreement reflects the philosophy of a gradual transition and the belief that a sudden leap from totalitarianism to democracy is impossible. So we now have to accept some limitations of the principles of the people’s sovereignty. Be that as it may, for the first time the vote will express society’s response, albeit with certain limitations. Subsequent elections must be fully democratic and no longer limited.” Rome *LA REPUBLICA* interview with Bronisław Geremek, Lech Wałęsa Advisor. Rome *LA REPUBLICA*, “Solidarity’s Geremek Queried on Negotiations.” FBIS-EEU-89-044. 8 March 1989. P: 42.

⁹³⁵ The discussion revolved around the restoration of the institution of presidency of the republic that existed before the World War II.

chamber, the Senate. The Upper House, the *Sejm*, was to be elected under limited democratic principles. The *Sejm* of 1989 was, therefore, termed as a ‘Contract *Sejm*’ because of the non-democratic election of the *Sejm* agreed upon at the ‘roundtable.’ The Lower House, the Senate, would be reinstituted and would be elected in a fully democratic way; and the supreme office of the republic - the President – would be set up by a decision of both Houses (the *Sejm* and the Senate). This provision, according to Bronisław Geremek, “is to guarantee the process of evolution to democracy, to freedom.”⁹³⁶

Talks on the Political Reform sub-table between the government and oppositions were successful at the end. The team had decided how the new election law should be constructed. The major difference was the election system because the coalition-government side had suggested that each province (*viviodship*) place two assignees in the higher house of the parliament. While Solidarność and OPZZ, suggested that elections should follow a proportional system because provinces are not identical in population numbers.

The Party asserted the need for radical political reform that would preserve the Party from collapse and would ensure its role in the ‘new order’ that would result from the ‘roundtable’ talks. However, things changed after the elections of June 1989 and with the formation of the new non-PZPR government. The new political order for Poland was supposed to constitute a ‘transitional period’ toward democratization. Discussions in this table led to decisive political reforms that

⁹³⁶ *Warsaw Television Service*, “Reykowski, Geremek Comment.” FBIS-EEU-89-046. 10 March 1989. P: 38.

changed Poland's political trajectory for years to come. In addition, agreements reached in this table eventually led to the collapse of Communism in Poland in 1990.

Trade pluralism sub-table

The Trade Union Pluralism sub-table commenced with one main demand from Solidarność- its legalization. Political reform sub-table headed by Aleksander Kwaśniewski (he would be the President of Poland from December 1995 until December 2005), Tadeusz Mazowiecki (he would be the first non-Communist Prime Minister in 1989), and Romuald Sosnowski.⁹³⁷ Kwaśniewski reported that the main issues discussed in this table were: drafting a new law on associations; the issue with workers expelled from workers for strikes activities; and the issue of trade pluralism.⁹³⁸ A communiqué issued by the 'roundtable' team for Trade Pluralism on February 16, 1989, included the following proposals:⁹³⁹

1. The amendment of the law on trade unions. This includes all matters related to the creation and registration of trade unions, and an amendment that would allow trade unions to form their organizations freely.
2. Drafting a law on farmer trade unions.

⁹³⁷ Trade Pluralism sub-table composed of the following members: Artur Balazs, Jan Brol, Wladyslaw Frasyniuk, Wiltod Goraliski, Ludwik Gracel, Stanislaw Jagiello, Janusz Jarlinski, Lech Kaczynski, Jacek Krzyzanowski, Wladyslaw Liwak, Maciej Lubczynski, Stanislaw Majewski, Walery Masewicz, Harald Matuszewski, Albin Melcer, Jacek Merkel, Leslaw Nawacki, Alojzy Pierrzyk, Edward Radziejewicz, Tadeusz Raczkiwicz, Walery Jan Sanetra, Wladyslaw Serafin, Edward Szwajkiewicz, Jozef Slisz, Anatol Wasilew, Stanislaw Wisniewski, Jan Woelk, and Henryk Wujec. *Warsaw TRYBUNA LUDU*, "Member of Trade Union Pluralism Team Listed." FBIS-EEU-89-031. 16 February 1989. P: 35.

⁹³⁸ *Warsaw PAP*, "Communiqué Released." FBIS-EEU-89-032. 17 February 1989. P: 35.

⁹³⁹ Ibid.

The debaters discussed a gamut of issues in this sub-table. One of the issues that caused most difficulty was the introduction of the law on trade unions, in particular on “how to settle matters for which the enterprises manager needs to have the consent of trade unions whenever trade unions operating in the enterprises are unable to arrive at joint stance.”⁹⁴⁰ At several meetings the debaters discussed amendments to trade unions and the problem of compensation for trade union activists who were dismissed after December 13, 1981. There was also discussion about the assets left by the trade unions disbanded in 1982.⁹⁴¹ The trade pluralism sub-table also led to radical change in Poland in 1989, allowing for the creation of trade unions and the legalization of *Solidarność*.

Economic and social policy sub-table

The new government, which had been in office for almost six months, initiated a comprehensive economic reform plan that aimed to reform legislation to allow for more liberalization and marketization of the Polish economy. At this time Poland had already attempted partial marketization under the guidance of market socialism. In December of 1988, the government introduced a new Law on Economic Activity that considered a big step toward marketization of the economy. As mentioned in previous chapters, the government attempted to reform the economy through different plan and ideas but had failed to produce successful results without real reform in the economic and political spheres and with support from the society.

⁹⁴⁰ *Warsaw PAP*, “Further on Pluralism Debate.” FBIS-EEU-89-047. 13 March 1989. P: 41.

⁹⁴¹ Two issues reached a deadlock among debaters, compensation for trade union activists affected by the imposition of martial law in 1981, and the assets/property of trade unions that were disbanded in 1982 after the passage of a law by the *Sejm* in delegating *Solidarność*.

The Economic and Social Policy sub-table chaired by Władysław Baka of the coalition-government side, and Witold Trzeciakowski of the Solidarność-opposition side.⁹⁴² As stated before, the ‘roundtable’ talks were initiated at a time when the Party was failing to promote its economic program due to public distrust of the Party motives and disenchantment with its policies in general, especially with the past experience with government reforms.

The main issues raised by both sides in this sub-table were: 1) Poland’s economic crisis, in particular, its foreign indebtedness; 2) the role of self-management; 3) marketization of the economy; 4) the role of *nomenclatura*; and 5) the new economic order. The Economic and Social Policy sub-table, as its participants stated, evolved around difficult matters that touched Polish society on a daily basis. Thus, discussion of this sub-table took longer than the other two sub-tables to reach an agreement between the government and the opposition. The most urgent and vital issue was to protect the rights of the working people against the effects of inflation. In addition, problems of income and wage indexation were on top of the sub-table discussion.

According to Władysław Baka, the meeting of the Economic and Social Policy ‘roundtable’ was based on the concept of “a profound reorganization of the economy that is oriented toward the market. This process will upset social structure and that is

⁹⁴² Members of the sub-table of Economic and Social Policy were: Władysław Baka, Janusz Beksiak, Ryszard Bugaj, Zbigniew Bujak, Stanisław Długosz, Mieczysław Gil, Ryszard Gorycki, Helena Goralski, Jerzy Grunchalski, Gabriel Janowski, Czestorz Kolodzko, Jan Kolodziejczak, Wincenty Lewandowski, Maciej Manicki, Wacław Martyniuk, Jan Mujzel, Andrzej Olechowski, Kazimierz Olesiak, Jozef Okuniewski, Aleksander Paszynski, Antoni Rajkiewicz, Jan Rosner, Zdzisław Sadowski, Ireneusz Sekula, Grazyna Staniszevska, Tomasz Stankiewicz, Andrzej Stelmachowski, Karol Szwarc, Władysław Szymanski, Marcin Swiecicki, Andrzej Topiniski, Andrzej Wieczorek, Andrzej Wielowieyski, Mieczysław Wilczek, Henryk Wilkowski, and Irena Woysicka. *Warsaw TRYBUNA LUDU*, “Members of Team Noted.” FBIS-EEU-89-031. 16 February 1989. P: 35.

why it has to be understood and supported by society.”⁹⁴³ Baka also stated that there were five main topics that had to be resolved urgently through reaching consensus as soon as possible.⁹⁴⁴ The first topic was concerned with urgent and prompt actions to increase supplies to the consumer market, which was one of the main causes of food shortages. Thus, the government urged for an immediate reform through the introduction of a market mechanism for the food industry.⁹⁴⁵ The second topic was the need to fight inflation through restoring the commodity-money equilibrium.⁹⁴⁶ The third topic was the need to protect people from the effects of inflation and the radical introduction of economic reform.⁹⁴⁷ Here, indexation of wages and social security came into the fore in the discussions.⁹⁴⁸ The fourth topic was about the creation of the ‘new economic order.’⁹⁴⁹ The final topic concerned Poland’s foreign debt with the West, in particular, it urged for finding ways to reschedule Poland’s debt and the need to give Poland a grace period.⁹⁵⁰

⁹⁴³ He asserted that “economic consolidation is not possible without the consolidation of society, without society agreeing to changes in the entire system of property relations, to large income differences, to unprofitable enterprises going into liquidation and being closed down more quickly, and to extensive and far-reaching demonopolization.” *Warsaw ZYCIE WARSZAWY*, “Baka, Trzeciakowski on Working Group Issues.” FBIS-EEU-89-029. 14 February 1989. P: 33.

⁹⁴⁴ *Warsaw PAP*, “Team for Economy and Social Policy Assembles: Third Meeting Held 20 Feb.” FBIS-EEU-89-034. 22 February 1989. P: 29.

⁹⁴⁵ The package of reform, according to Baka, “covers changes in the investment policy, attaining maximum results on the consumer market by way of cooperation with foreign countries, elimination of rationing, demonopolization, and restoration of balance.” *Warsaw PAP*, “Team for Economy and Social Policy Assembles: Third Meeting Held 20 Feb.” FBIS-EEU-89-034. 22 February 1989. P: 29.

⁹⁴⁶ *Ibid.*

⁹⁴⁷ *Ibid.*

⁹⁴⁸ The argument made here is that there is a need to protect people from the negative impact of price increase.

⁹⁴⁹ It is important here to note that this proposition related to changes on the structure of ownership. Here also, the idea of self-management occupied the center of the discussion. Baka stated that this new economic order embraces “socialization of state ownership through establishing self-management ownership and through enterprises assuming the form of joint-stock companies or their assets being rented out to crews, through a return to a genuine cooperative system, constitutional guarantees for private ownership and its permanency in Poland.” *Warsaw PAP*, “Team for Economy and Social Policy Assembles: Third Meeting Held 20 Feb.” FBIS-EEU-98-034. 22 February 1989. P: 29.

⁹⁵⁰ *Ibid.*

Witold Trzeciakowski highlighted *Solidarność* vision of the new economic order that was based on demonopolization of the economic activity, freedom of association for citizens' interests, pluralistic structure of ownership and a wide range of rights for workers' self-management.⁹⁵¹ Therefore, the table gave a lot of attention to the idea of self-management and stressed the need for an effective role for self-management bodies in state enterprises. The idea here was that there was a need to change the structure of ownership from state ownership of enterprises to social ownership of enterprises. The demand was also to de-centralize economic management and abolish the system of *nomenklatura*. In addition, participants at the Economic and Social Policy sub-table decided to have some working groups for various issues. One of the major sub-team was 'wages and incomes indexation' team who looked at ways on how to link wages with inflation and protect workers from higher inflation.

The two sides, the government-coalition and *Solidarność*-opposition - agreed on some issues and disagreed on others. With regard to the economy, both side were aware of the need to reform the economy with diverse forms of ownership and a greater role for private enterprises, self-management, and cooperatives. The main problem that divided the two sides was the role of the *nomenklatura* in this new social contract. Because appointments and promotions were dependent on Party membership or on the decisions by the Party hierarchy, the *Solidarność*-opposition side demanded a political solution and a decision to limit the political authorities' rights in the economy. That is to say, they wanted to depoliticize the economy and abolish the system of *nomenklatura*. In their ninth meeting, the Economic and Social

⁹⁵¹ *Warsaw PAP*, "Economic-Social Team Meets." FBIS-EEU-89-026. 9 February 1989. P: 24.

Policy team stated their primary proposal for economic reform which involved agreement between all parties - which was not the case with all issues.

The government-coalition, the Solidarność-opposition and the OPZZ agreed on the issues of work-days; introducing a market mechanism in the food industry; the immediate need to restructure the economy; and on the need to reschedule Poland's debt. However, discussions about wage indexation attracted most of the differences in this sub-table. The government and Solidarność had similar opinions about wage indexation, while OPZZ disagreed with them on this issue.

Solidarność was born in August 1980 in which it revolted against the exploitation of workers and authoritarianism. Solidarność expressed the principles of independence, the social teachings of the Catholic Church, and the European traditions of freedom and democracy. It demanded the activation of self-management through workers' councils for the sake of building a workers' democracy. Solidarność also demanded political freedom, free elections, freedom of speech and associations, and impartial courts. In addition, it demanded the cancelation of the privileged system, called *nomenklatura*.

After the imposition of martial law, Solidarność fought the Communist Party through underground activities and publications. Solidarność survived because of its connection with Polish society. Gradually, the idea of self-management started to decline. Workers' councils diminished in number and value after the declaration of martial law in December 1981. It is important to note that when Solidarność demanded authentic formation of workers' council, it was a way for it to challenge the monopoly of Communist authority. Therefore, when political transition

accelerated after Solidarność victory in June elections, and the collapse of Communist Party monopoly, it turned away from self-management toward Western market economy.

International assistance

Changes that were taking place in Poland and in other Eastern European countries were endorsed by the United States and Eastern Europe. During the ‘roundtable,’ meetings about economic assistance to Poland were taking place between the United States and Poland in March.⁹⁵² At the same time, the first round of talks with the EEC Commission about future economic cooperation and for agreements to reduce barriers of trade between Poland and EEC members took place in 1989. Economic assistances to Poland awaited the result of the ‘roundtable’ agreement on economic reform and on the ability of the government to present concrete and comprehensive economic reform plan that should ensure economic stability with the rising inflation threat. The table below shows the multilateral activities in Poland in March 1989, including U.S government, multilateral and private sector activities.⁹⁵³

⁹⁵² “Since 1986, the United States had pursued a policy of step-by-step reengagement with Poland, gradually lifting the sanctions imposed following the imposition of martial law in Poland and reestablishing bilateral contacts. The process of reengagement has responded to indications of a renewed commitment by the Polish Government to economic and political reform, including the release of political prisoners and the development of a plan for comprehensive economic reform.” Report written by Congressional Research Service (Library of Congress), “Poland’s Roundtable and U.S Options,” prepared for the Subcommittee on European Affairs of the Committee on Foreign Relations, United States Senate, June 1989, p: 1.

⁹⁵³ Report written by Congressional Research Service (Library of Congress), “Poland’s Roundtable and U.S Options,” prepared for the Subcommittee on European Affairs of the Committee on Foreign Relations, United States Senate, June 1989.

Table 5.4: Multilateral agreements with Poland in March 1989:⁹⁵⁴

Program	Description	Significant	Status (March 1989)
World Bank	A project loan of \$250 million is under consideration for support of specific export industries. The purpose of the loan would be to focus new resources on critical inputs to improve Poland's convertible currency trade balance-investment in chemical, engineering, and other enterprises, and technical assistance to strengthen banks, complete sectoral studies for restructuring, and assist in export marketing. A \$75 million loan is also planned for the agro-industrial sector, supporting rehabilitation, modernization, and expansion of existing agro-processing industries in order to expand exports. Two projects focused on the energy sector have also been identified (requiring loans of about \$250 million each), but these would follow implementation of the other projects.	These projects are designed to support the basic changes in Poland's economy that will serve as the foundation for longer-term economic improvement. If export industries are strengthened and the current account balance improves, other lenders may gain confidence for lending. Progress in restructuring investment and developing a financial sector is a necessary first step for assuring that new funds are directed to productive enterprises.	Although planning for the first loan is virtually complete, before seeking Board approval, the Bank would like to see evidence that reform initiatives in Poland have reached a "threshold level" (financial discipline, reallocation of resources, implementation of wage and price reforms) and that an IMF program is likely to be forthcoming.

⁹⁵⁴ Ibid. "Poland's Roundtable and U.S Options," prepared for the Subcommittee on European Affairs of the Committee on Foreign Relations, United States Senate, June 1989. P: 31-32.

IMF	An IMF standby program for Poland, if agreed to, could provide new credits in the range of 300-350 million SDRs within the framework of a Polish reform program...	An IMF program, operating under strict conditionality, seems to be a critical element not only for improving Polish economic performance, but also for establishing increased confidence and support among other institutions and creditors.	The IMF is apparently awaiting further assurances from Poland that the necessary policies will be implemented to achieve a current account balance in the short term and action by the Polish Government to sign and implement bilateral agreements with the Paris Club governments. Also of concern to the IMF in action to move toward equilibrium-systemic price reform and demand management.
Paris Club	The Paris Club is comprised of Poland's major government creditors; total Polish debt to Paris Club countries is estimated at \$28-29 in 1989. (Debt to the United States is about \$2.4 billion currently).	Given the unsupportable level of Poland's debt-service burden, restructuring of its debt to official creditors, and perhaps conversion of some debts to local programs, are actions that would reduce the immediate debt burden and allow Poland to devote more resources to modernizing the economy.	A rescheduling agreement was signed in December 1987 that covers Poland's arrears from 1986 and 1987 and both principle and interest due in 1988, a total of \$8.8 billion. This is to be paid over ten years, with five years' grace. Austria may convert some debt to projects in Poland; the FRG may also be interested in conversion but will likely wait for an IMF program to be agreed on and for U.S action
Commercial Creditors	Total Polish debt to Commercial Banks is estimated at \$ 9 billion in 1989.	The rescheduling of debt payments over a longer period of time and interest rate reduction would decreased Poland's debt service burden, make payment obligations more predictable, and release resources for modernizing the economy. Innovative financing schemes, such as debt-equity swaps, might be pursued by commercial banks once there is	A rescheduling agreement was signed in July 1988 covering \$ 8.2 billion due from December 1987 to 1993. The schedule and terms for the second half of the payments, those due after 1990, are conditional on an IMF standby program being in place. In the course of negotiations, the banks agreed to lower the interest

		greater evidence of Polish economic reform implementation. Such actions would be important for reducing the overall debt service burden.	rate applied to Poland's repayments from the original 1.7 percentage points above labor to 13/16-percentage point.
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The Economic and Social Policy sub-table held thirteen meetings and concluded on April 4, 1989. A stance on social, economic and systemic reform was adopted. There was agreement on the urgent need for radical economic restructuring of the economy, with an emphasis on further marketization of the economy. Wage indexation issue was the major problem at this table, as mentioned before. The OPZZ refused at the beginning to sign economic reform document because, the OPZZ had a different stance on wage indexation. OPZZ wanted a 100 percent wage indexation, while both Solidarność and the government agreed to introduce 80 percent wage indexation instead to curb rising inflation. In order to resolve this difference of opinion, the OPZZ stance was included as a supplement to the final document to indicate its rejection of the proposed wage indexation.⁹⁵⁵

The 'roundtable' Agreements

The Polish economy was already in a dire situation due to decades of economic stagnation and failed economic reform plans. Martial law had exacerbated the situation and failed to solve Poland's economic and political crisis. At the same time, Solidarność won the moral battle as a 'truth' representative of Polish society. The situation deteriorated further in late 1988 and onwards when an increasing number of strikes

⁹⁵⁵ Osiatynski 1992:48.

erupted in the spring and summer. The Economist Intelligence Unit quarterly review reported that during the first quarter of 1989 the economic situation seems to “deteriorate further in the months ahead as supply problems make production more difficult, while domestic demand cries out to be more fully met.”⁹⁵⁶

At this point, however, it is important to reiterate that the latest ‘consolidation plan’ was the last resort for the party to ‘push’ the vehicle of the economy by the adoption of a more liberal measures for marketization of the economy. However, the rate of inflation grew month after month from late 1987. The government, therefore, found itself in a situation where it could not embark on any further economic reform without support from the opposition. In an interview with Andrea Tarquini in Warsaw prior to the ‘roundtable’ talks, Jacek Kuroń said that:

The government has found in us the only authentic reformist force in society. As Walesa said, we are doomed or destined to find agreement because this is our country and we all must and all want to save it from collapse. Although we are running serious risks, we are taking a major step toward democracy which will have an enormous influence in the Soviet Union and the whole socialist camp, as restructuring has helped us to do.⁹⁵⁷

⁹⁵⁶ The Economist Intelligent Unit Report of Poland 1989, No. 2, P: 3. The report also mentioned that “living standards, industrial Silesia is an ‘environmental catastrophe,’ the infrastructure throughout the country is shabby and deteriorating, modern telecommunications barely exist, and the people, who clearly have not been as emotionally engaged with the round table in 1989 as they were with Solidarity in 1980, remain skeptical, apathetic and weary.” Ibid., 8. They also reported that international environment was more favorable for Poland to get aid from the international community.

⁹⁵⁷ *Rome LA REPUBBLICA*, “Solidarity’s Kuron on Talks With Government.” FBIS-EEU-89-029. 14 February 1989. P: 38. In an interview with Jacek Kuron by Andrea Tarquini. Andrea Tarquini asked Kuron to reflect on the past few months (speaking in 1989), Kuron succinctly described the whole circumstance surrounded the ‘roundtable’ initiative, he said “let us look back to last August when a wave of strikes led to the first negotiations for Solidarity’s relegalization. The authorities are not now facing direct pressure from society, instead the apparatus is revolting against any reform, especially political reform. The official trade union pluralism- strikes which would lead to economic collapse. The government has therefore made its choice: at the last plenum, Rakowski warned that the crisis is making the executive increasingly unpopular rather than more popular. The only way out was to try a division of responsibility with us.” Ibid.

The ‘roundtable’ talks ended after nine weeks of negotiation and discussions. These talks opened a new chapter in the history of Poland. What came after the ‘roundtable’ agreement, one can argue, paved the road for a great transformation. In this section, the results of the ‘roundtable’ agreements will be reviewed, with an emphasis on the major points that both the coalition-government and Solidarność-opposition agreed on during the ‘roundtable’ talks. Each sub-table issued a separate document of agreement that was agreed by both sides. The ‘roundtable’ negotiations concluded in April 5, 1989.

There were, as Lech Wałęsa said, ‘no loser nor winners’ at the end of the ‘roundtable’ agreements. He spoke accordingly at the closing ceremony of the ‘roundtable’:⁹⁵⁸ “We do not speak in such terms. Solidarity never wished to defeat anybody or to emerge victorious. Our demands were confined to seeking pluralism and freedom, and the whole agreement which has been signed does in fact contain these facts.”⁹⁵⁹

Different public opinion polls showed that people were willing to accept harsh reforms as long as the Communist Party did not maintain its monopoly over the political and economic arenas. The Communist Party had lost its legitimacy in the society, and decided to initiate negotiation with the opposition, represented mainly by Solidarność. Solidarność, on the other hand, enjoyed wide support from

⁹⁵⁸ Wałęsa in press conference said that “Solidarity preserved its identity and its statute. Only those points which speaks about strikes, in view of their discordance with the binding law on trade unions, are suspended for the coming national congress of delegates to decide,” “the day of our success came at a particularly difficult time. The Polish nation faces much more complex tasks than those in 1980. We must now attempt a genuine and deep economic reform, as well as a democratic restructuring of the state in conditions of a crisis deeper than nine years ago, a crisis for which we are not responsible but for which we must pay if we want to hope for a better future.” *Warsaw PAP*, “Walesa Statement Read at News Conference.” FBIS-EEU-89-073. 18 April 1989. P: 34.

⁹⁵⁹ Lech Wałęsa phone interview by Mercedes Gordon. Source: *Madrid YA*, “Interviewed Great Events.” on FBIS-EEU-89-074. 19 April 1989. P: 35

the society. When the Communist government entered talks with the opposition in February 1989, economic reform was a major concern and both sides decided that radical economic reform was urgently needed. Suffice to say that the government was also engaged in negotiations with international financial institutions for economic aid. As stated before, one of the major conditions put by IMF and the World Bank was political liberalization and economic stability to reestablish Poland's economic credibility with creditors. According to Lisa Ellen Hale, "since Poland would best benefit from debt reduction, and since Washington had great influence over the attitudes of the Paris and London Clubs, debt rescheduling and reduction were indirectly tied to political liberalization."⁹⁶⁰ Her argument was that Western aid was conditional on major political reform. After the 'roundtable' agreements, the United States offered financial and technical support for Poland's economic restructuring.⁹⁶¹

The 'roundtable' agreements were issued in *TRYBUNA LUDU* on April 7, 1989 few days after the concluding ceremony. The Preamble of the 'roundtable' agreements reads:

An historic turning point is occurring in Poland. In face of such persisting perils to the fatherland as collapses and conflicts, patriotism and common sense bid exploring what unites Poles. In our eyes Europe and the world are developing at a fast pace. It is Poland's problem to catch up with them instead of staying put.....These agreements reflect an honest exploration of anti-crisis and reform programs. Their implementation hinges not only on their signatories but also on the civic imagination, sagacity, and activism of all Poles.⁹⁶²

⁹⁶⁰ Lisa Ellen Hale, "Poland's Right Turn: Solidarity as Opposition, Government and Union in the Capitalist Transition" (PhD diss., North Western University, 1999), 87.

⁹⁶¹ Ibid. .

⁹⁶² *Warsaw TRYBUNA LUDU*, "Text of Roundtable Agreements Published." FBIS-EEU-89-086. 5 May 1989. P: 19. The Agreement was published on April 7, 1989. All translations made by FBIS.

Note that the idea of ‘catching up’ with Western Europe was part of Poland’s vision, as being part of Europe, and to achieve that Poland needed to ‘return’ to its roots. The idea of ‘return to normality’ and ‘return to Europe’ was repeated hundreds of times by Polish politicians and academics in reference to their belonging to Europe. For Polish people, their identity was associated with Europe in general - that is to say, it constituted the historical and geographical reality of Poland. A big part of the agreement was dedicated to economic decisions, which were, as stated earlier, the driving force behind the ‘roundtable’ talks.

Trade pluralism agreement

On the issue of the legalization of trade unions, the *Trade Union Pluralism* sub-table, chaired by Aleksander Kwaśniewski, Tadeusz Mazowiecki, and Romuald Sosnowski, reached an agreement and signed a document under the title “Stance on Trade Union Pluralism.” The major achievement of this table was the legalization of Solidarność. In this document’s preamble, the importance of trade union pluralism was put as a condition for national agreement and as a resolution to conflict in the society. It reads in this regard that: “introduction of trade union pluralism will create conditions for national agreement, put an end to the period of a conflict over this problem, and it will also serve democratic transformations in this country’s public life. Realization of trade union pluralism, meeting halfway social aspirations, should secure a more effective protection of employee interest, creating a platform for human initiative and for a greater responsibility for work environment.”⁹⁶³

⁹⁶³ *Warsaw PAP*, “Document on Union Pluralism.” FBIS-EEU-89-065. 6 April 1989. P: 24.

In addition, one of the major goals of the Trade Pluralism sub-table was Solidarność's re-legalization after it was officially banned in 1982. For Tadeusz Mazowiecki: "the road to trade pluralism and for Solidarność has been opened up."⁹⁶⁴ At the same time, Aleksander Kwaśniewski said: "I am convinced that we will prove equal to the decisions we signed today, that we will not run short of goodwill for cooperation and this friendly atmosphere that accompanied our talks. I wish trade union pluralism in Poland may look like that."⁹⁶⁵ A stance on Union Pluralism, agreed between the government, OPZZ and Solidarność, contained the following proposals:⁹⁶⁶

1. An amendment of October 8, 1982, Law on Trade unions. This modification would ensure the legalization of Solidarność and other trade unions and legalize their activities. The primary goal for the Trade Pluralism sub-table was the legalization of Solidarność. The amendment of the law should ensure 1) free formation and registration of trade unions; 2) "determination of principles of cooperation of trade unions in work establishments;"⁹⁶⁷ 3) "equality of all trade unions, especially equal power for trade unions representing the majority of work establishment."⁹⁶⁸
2. Drafting a separate law for private farmers.⁹⁶⁹

⁹⁶⁴ *Warsaw PAP*, "Stance on Union Pluralism Singed." FBIS-EEU-89-065. 6 April 1989. P: 24.

⁹⁶⁵ *Ibid.*

⁹⁶⁶ *TRYBUNA LUDU*, "Roundtable Agreements Published." FBIS-EEU-89-086. 5 May 1989. P: 33.

⁹⁶⁷ *Ibid.*

⁹⁶⁸ *Ibid.* On October 8, 1982, the *Sejm* outlawed and dissolved Solidarność.

⁹⁶⁹ This provision read: "to assure the legal activity of NSZZ Farmers' Solidarity, it is deemed necessary to draft a separate decree on the trade unions of private farmers, implementing the principles of trade union pluralism in countryside. The trade unions to operate pursuant to the provisions of that decree are to have the same rights and duties as those acknowledged by the provisions of existing decrees regarding the organizations of private farmers as to the representation and protection of the rights and

3. Introducing a law for the reinstatement of workers expelled from their work in 1981 because of their activities with trade unions.⁹⁷⁰
4. In regard to trade union property, a regulation was made to regulate trade unions' financial resources to pursue their activities.⁹⁷¹
5. Another amendment would be made to the Law on Welfare Fund which was issued on February 1989.⁹⁷²
6. Further amendments on laws regarding the right to strike and trade unions associations.⁹⁷³

Economic and social policy agreement

A 'stance' from the *Economic and Social Policy* sub-table was adopted under the title, "Economic and Social Policy." To ensure Poland's economic development and to end inflation, the economic and social policy team envisioned a comprehensive process composed of several steps.⁹⁷⁴ The first step involved improvement of market supply and living standards. To this end, they adopted five

interests of farmers. The draft of the decree on the trade unions of private farmers, as developed and agreed upon by the task force." *TRYBUNA LUDU*, "Roundtable Agreements Published." FBIS-EEU-89-086. 5 May 1989. P: 33.

⁹⁷⁰ Persons who lost their job because of their participation as a trade union activists during 1981, should "get back to their jobs, and to restore job continuity in cases in which it was disrupted owing to dismissal from work, a special decree shall be promulgated pursuant to which such persons may apply until 31 October 1989 to work establishments for reemployment in accordance with their skills and qualifications. The work establishment should hire such persons, but if it refuses to do so, the concerned persons may appeal to a specially appointed social conciliation commission consisting of three members of whom one is to be a representative of the management, the second a representative of a trade union named by the appellant, and the third competent and impartial chairperson of the commission. The commission's verdicts take into account both the appellant's rights to job reinstatement and the situation at the work establishment. Its verdict is final and, when favorable to the appellant, it replaces the labor contract." *TRYBUNA LUDU*, "Roundtable Agreements Published." FBIS-EEU-89-086. 5 May 1989. P: 33.

⁹⁷¹ *Warsaw PAP*, "Document on Union Pluralism." FBIS-EEU-89-065. 6 April 1989. P: 25.

⁹⁷² *Ibid.*

⁹⁷³ *Ibid.*

⁹⁷⁴ *Ibid.*

tasks: 1) improvement of consumer market in quantity [to avoid goods shortage] and also quality;⁹⁷⁵ 2) “supplies of domestic market goods and services will grow, starting this year (1989), at a rate not lower than the growth rate of produced national income;”⁹⁷⁶ 3) in regard to the defense industry, production would be reduced and regrouped to produce consumer goods and supply materials; 4) “the share of the fuel-power and raw materials complex in overall investment outlays will be decreased;”⁹⁷⁷ 5) eliminating gradually any privileges of consumer goods access.⁹⁷⁸

The second step involved curbing inflation and balancing the economy. Hyperinflation was the major threat facing the government because it could lead to economic collapse if not resolved. To this end, the central budget had to be balanced within two to three years. Expenditure in Defense and Internal Affairs would be decreased “so that a significant limitation of budget expenditures takes place.”⁹⁷⁹ In order to cover the state’s budget deficit, the government would extract revenue from non-inflationary sources, in particular, income from sale and lease elements of state property such as land, stores, and flats.⁹⁸⁰ Both the coalition-government side and the Solidarność-opposition side decided that there was a need to base the economy, in particular, the food market, on market principles.⁹⁸¹ The food industry should,

⁹⁷⁵ For the government to accomplish this task: 1) “increased supply by means of stimulating the economic activity of enterprises in all property sectors; 2) cutbacks in state’s expenditures; 3) adaptation of the overall demand of industry and consumers - with allowance for protecting them against the effects of inflation - to supply possibilities of the economy.” “Position on Social and Economic Policy and Institutional Reforms.” Warsaw *TRYBUNA LUDU*, “Text on Roundtable Agreements.” FBIS-EEU-89-086. 5 May 1989. P: 23.

⁹⁷⁶ *Warsaw PAP*, “Stance on Economic Policy,” abridge version of the stance Economic and Social Policy Roundtable. FBIS-EEU-89-065. 6 April 1989. P: 25.

⁹⁷⁷ Ibid.

⁹⁷⁸ Ibid.

⁹⁷⁹ Ibid.

⁹⁸⁰ Ibid.

⁹⁸¹ In addition, a decision was made to contain and fight “the growing ‘dollarization’ of the economy,” also, “measures will be undertaken to reach the internal at first and later full convertibility of

therefore, be the first to convert to market principles based on a supply and demand mechanism to solve the problem of consumer shortages. The government last two economic reforms concentrated on accelerating the process of marketization and liberalization of the economy in slower pace.

The third step provided the protection for people against the effects of inflation. To this end, agreement was reached concerning the need to introduce wage indexation, in which “these mechanisms will ensure systematical growth of the components subject to indexation by the percent rate of growth of retail prices of goods and consumer services multiplied by a correction co-efficient.”⁹⁸² This step also included finding a program for labor protection and employment. It is important to note that wage indexation was rejected by the OPZZ, as previously stated. Wage indexation created an atmosphere of disagreement between the government/ Solidarność and the OPZZ. Both Solidarność and the government agreed on 80 percent wage indexation, while OPZZ rejected this proposal and suggested instead 100 percent wage indexation. Negotiations almost stalled due to differences on this issue.

The fourth step was concerned with the need to overcome Poland’s foreign debt burden. In this regard, a new economic policy would be implemented to restore Poland’s creditworthiness with Western countries. Therefore, the government asserted on the need to finalize its economic program to receive credits from international financial institutions and Western countries in aid for its economic reform. An IMF adjustment program would lead to normalization of Poland’s

Polish zloty into foreign currencies. The government will also follow the policy of lowering the free currency rates at the domestic market.” *Warsaw PAP*, “Stance on Economic Policy.” FBIS-EEU-89-065. In addition, to curtail ‘dollarization’ of the economy, the government will curtail the “number of enterprises authorized to sell retail goods for foreign currencies.” *Ibid.*

⁹⁸² *Ibid.*, 26.

financial relations with the West. Poland debts with the USSR were also the center of discussions in this table.⁹⁸³

According to Wiktor Osiyatynski, the results of the 'Economic and Policy Reform sub-table' were "very poor" because "at this table the most tangible interests of state, party, and economic bureaucracies were at stake. The government did not compromise these economic and political interests. As a result, even a soft statement about the desirability of market economy was unacceptable to the government."⁹⁸⁴ Looking at the document, it was clear that the model for the new economic order was vague. It emphasized the need for the formation of 'genuine' self-management; acceleration of marketization, an increase role for the private sector and cooperatives, and thus, the direction of economic changes was not clear. The 'roundtable' agreements on economic reform were not conclusive and depended on the result of June elections which- as the reader will see in the following chapter, created political opportunity structure for Solidarność to turn toward capitalist model, away from any association with the old system.

The government's stance on self-management was presented at the self-management opening meeting of the *Sejm* Committee for the Affairs of Self-Governments that was held in January, 1989, during which General Wojciech Jaruzelski said that "self-management has a very significant say in the process of transformations initiated by the 10th plenum. For self-management can become a platform of crews agreement, and thus a foundation of a broader national

⁹⁸³ *Warsaw PAP*, "Stance on Economic Policy," abridge version of the stance Economic and Social Policy Roundtable. FBIS-EEU-89-065. 6 April 1989. P: 25.

⁹⁸⁴ Osiyatynski 1996: 58.

agreement.”⁹⁸⁵ In 1980, when workers’ strikes were taking place all over Poland, Solidarność emerged with one major demand - the creation of a ‘Self-Governing Republic.’ For Solidarność, self-management would lead to social democracy and solve Poland’s economic and political problems. Workers’ councils were empowered and flourished after the legalization of Solidarność. This dream did not last for long. The government declared a ‘state of war’ against Solidarność and imposed martial law in December 13, 1981. Workers’s council again lost control over their enterprises. The power of workers’ councils declined as a result of martial law, and the government regained its monopoly over the management of enterprises. Therefore, self-management, one can argue lost its attractiveness and significant to many of Solidarność members, as shown in the previous chapter.

In an attempt to rescind the powers of workers’ self-governments - that had been diminished since 1981 - both the coalition-government side and Solidarność-opposition decided to promote the need for authentic self-management as part of economic reform, by “establishing legal safeguards for authentic forms of personnel participation in the management of R&D units, communally owned property, and forestry establishments, as well as in the management of the Polish State Railroads, Polish Post, Telephone, and Telegraph, and LOT Polish Airlines and airports, with allowance for specific features of these enterprises.”⁹⁸⁶ During the several sessions of the ‘roundtable’ emphasis was placed on the role of workers’ self-management as

⁹⁸⁵ *Warsaw PAP*, “Attends Self-Management Meeting.” FBIS-EEU-89-021. 2 February 1989. P: 39. General Jaruzelski concluded that “democracy, pluralism and self-management are not a goal in itself, their purpose is to secure a better life, o help people quicker satisfy their material and spiritual aspirations. We must create an effective economy, and on the other hand preserve all values of the socialist system. In this sense the party and self-management have common goals.” Ibid.

⁹⁸⁶ *Warsaw TRYBUNA LUDU*, “Text of Roundtable Agreements.” FBIS-EEU-89-086. 5 May 1989. P: 28.

one, but not the only solution to Poland's economic crisis. An agreement reached in regard to self-management was based on the following decisions:⁹⁸⁷

1. Eliminating 'direct and indirect' restrictions of the powers of workers' self-management that were agreed in 1981- that is to say, the agreement between the government and Solidarność at that time.
2. "Legislating the stipulation that the powers of worker self-government as regards the distribution of income should be construed as the power to decide on the distribution of the value of net output remaining at the disposal of the enterprise."⁹⁸⁸
3. Reducing half of the list of working state enterprises.
4. Art. 6. stated that "genuine influence of worker self-governments at state-run enterprises on the activities of representatives of these enterprises acting on their behalf in the joint-stock companies to which they belong should be assured."⁹⁸⁹
5. Participation of workers in enterprises should be regulated through specific laws.⁹⁹⁰
6. Public utility enterprises would be converted to enterprises operating on general principles not later than the end of 1989.⁹⁹¹
7. The authorities should investigate reports about the activities regarding "chicaneries applied against worker self-government."⁹⁹²

⁹⁸⁷ Ibid.

⁹⁸⁸ Ibid.

⁹⁸⁹ Ibid.

⁹⁹⁰ Ibid.

⁹⁹¹ Ibid.

⁹⁹² Ibid.

The EIU second report for the year of 1989 indicated that the economic agreement that resulted from the roundtable was ‘broad,’ but encountered a conflict of opinion between the government and the opposition. Its position on the issue of self-management is important. The Report indicated that:

One aspect of the round table process that became clear as the talks progressed was that each side had problems in presenting a united front over certain issues. The government and official unions fell out over indexation. But opposition opinion on a number of important questions was by no means clear cut. This included, in particular, *the question of the appropriate pace and extent of privatization as well as the role that should be accorded to worker’s self-management*. The more economically “liberal” wing of opposition opinion favoured fast and near universal privatization with little regard for self-management, while the dominant view represented at the round table was certainly more “interventionist.”⁹⁹³ (Italic added.)

The economic and social policy sub-table dealt with the issue of the economic crisis in Poland and on ways to solve it. There was a clear list of problems that demanded a solution from both sides, but the issue was very complex in regard to how to implement any decisions taken in the light of increasing social demands. No clear vision of the type of economic system needed was promoted because of political considerations from the Party itself. The stance on economic policy presented three models that had emerged from the talks. They were as follows: 1) adoption of more market liberalization and privatization; 2) activation of workers’ self-management through workers’ councils; and 3) more government interventionism in the form of market socialism. One reason that can explain this vagueness was that the government wanted to preserve its dominant role in the management of the economy and save socialism. The government was, therefore in favor’ of self-management and market socialism as the last resort to save socialism.

⁹⁹³ The Economist Intelligent Unit Report, Poland, 1989, No.2, P: 9.

As pointed out by Władysław Baka, member of the Polish United Workers Party Politburo:

I am really a decided advocate of the self-management option, acknowledging, as does my party, that worker-self-management is a lasting characteristic of socialism, of the Polish model of socialism, and a lasting orientation of the Polish road. At the moment, the orientation toward privatization is creating a furor. I am decidedly opposed to this. I think that there is a place for the development of all sectors, including the private one, but we cannot- I will not allow such a solution- see a way out of problems in privatization of the economy in Poland.⁹⁹⁴

It is worth noting here that there were an increase number of pro-capitalist movement and trend in Poland (discussed before). The economic direction, therefore, was open to all alternatives models. Thus, the following chapter will show that one of the decisive factors that changed the course of events was the pace of political transition which came after the massive victory for Solidarność in the June elections and led to the accelration of democratic and capitalist transition. Poland's debt crisis was another issue that the government was trying to solve through initiating talks with the opposition. The government hoped that Western governments would allow Poland to reschedule its debt after reaching compromises with the opposition. The following table presents Poland's hard currency debts for 1988.

5:5 Hard Currency Debt organized by creditors country⁹⁹⁵

West Germany	24.5
France	13.6
Austria	11.3
USA	10.1

⁹⁹⁴ Interview with Władysław Baka, by unidentified correspondent, reported in *Warsaw Television Service*, "Baka Interviewed on Worker Self-Management." FBIS-EEU-89-089. 10 May 1989. P: 43.

⁹⁹⁵ The Economist Intelligent Unit Report, Poland, 1989, No.2, P: 18. The table, as reported, represents Poland's hard currency debt at the end of September 1988.

UK	9.3
Italy	5.6
Sub-total	74.4
CMEA	8.5
LDCs	10.0
Total Incl Others	100.0

Toward New Economic Order

The New Economic Order that both the government and opposition agreed on was based on the following points:⁹⁹⁶ 1) developing market principles and competition; 2) “elimination of remnants of the command-directive system and restriction of central planning to shaping the state’s economic policy, a policy implemented with the aid of economic instruments;”⁹⁹⁷ 3) “a uniform financial policy toward enterprises;”⁹⁹⁸ 4) “subordinating the mechanisms for the selection of managerial personnel at enterprises to the criterion of professional competence;”⁹⁹⁹ 5) the creation of different types of ownership;¹⁰⁰⁰ 6) developing self-governing enterprises and workers’ participation.¹⁰⁰¹

⁹⁹⁶ *Warsaw TRYBUNA LUDU*, “Text of Roundtable Agreements.” FBIS-EEU-89-086. 5 May 1989. P: 28

⁹⁹⁷ *Ibid.* To see the full version of economic and social policy agreement and other major ‘roundtable’ agreement, trade pluralism and political reform, return to *Warsaw TRYBUNA LUDU*, “Text of Roundtable Agreements Published.” FBIS-EEU-89-086. 5 May 1989. P: 19-35.

⁹⁹⁸ *Ibid.*

⁹⁹⁹ *Ibid.*

¹⁰⁰⁰ *Ibid.*

¹⁰⁰¹ *Ibid.*

The New Economic Order was agreed and was supposed to be implemented not later than the end of 1991.¹⁰⁰² There was clear agreement that the economy was in need of immediate salvation, but no clear agreement on the measures and procedures to proceed with economic structural reform. On the issue of Poland's debts, the 'roundtable' agreement specified a whole chapter on discussion of the measures necessary to tackle this problem. Among these procedures were:¹⁰⁰³

- a) For Poland's national economic recovery, it should link its economy with the world economy and open it global markets.¹⁰⁰⁴
- b) Develop a pro-export (note here that there is a departure from an import-led economy toward an export-led economy and toward marketization of Poland's economy), as part of the new economic order.¹⁰⁰⁵
- c) Negotiate Poland's debts with debtors through: 1) "the acknowledgement by creditors of the close dependence between the manner of the scheduling of debt repayments and the interest on the debt as well as the rate of recovery of the Polish economy,"¹⁰⁰⁶ 2) "restoration of normal financial and credit terms

¹⁰⁰² Ibid., 31. The opposition side, according to the document, "believes that the Decree of 24 February 1989 on Certain Conditions for Consolidating the National Economy conflicts with the decisions of the roundtable concerning the new economic order. That decree gives broad powers to the government for 'fine-tuning' the economy outside the legal order. It makes enterprise managers dependent on administrative bodies, and its application harbors the danger of abuses." While the government "believes that the Decree of 24 February 1989 on Certain Conditions for Consolidating the National Economy constitutes the legal foundation for accelerating reform measures by the government in domains that are crucial to introducing the new economic order by, among other things, undertaking various kinds of economic experiments and strengthening the proeffectiveness forces which are accelerating the process of *marketizing the economy*." It's important to note here that the government was emphasizing the idea of marketizing the economy to tackle economic crisis. (Italics added) *Warsaw TRYBUNA LUDU*, "Text of Roundtable Agreements." FBIS-EEU-89-086. 5 May 1989. P: 28.

¹⁰⁰³ Ibid., 31.

¹⁰⁰⁴ Ibid.

¹⁰⁰⁵ Ibid.

¹⁰⁰⁶ Ibid.

- and improvements in trade terms in the relations with Western countries;”¹⁰⁰⁷
- 3) encouraging Western businesses to invest in Poland; 4) “granting credit to Poland for modernization and proexport purposes;”¹⁰⁰⁸ 5) increasing measures for debt reduction through “ecoconversion.”¹⁰⁰⁹
- d) Normalizing the relations with the West through reaching an agreement with the International Monetary Fund and start an adjustment program for Poland to ensure an annual growth of 2 percent.¹⁰¹⁰
- e) Initiate talks with the USSR, for “deferment of debt repayments beyond the year 1995.”¹⁰¹¹
- f) Resolving Poland’s indebtedness as a priority for building cooperation and credibility with EEC, and starting integration with Western Europe.¹⁰¹²

In sum, the New Economic Order aimed at restructuring the Polish economy toward further liberalization and marketization by freeing prices to reflect market prices based on supply and demand, convert zloty, further privatization, and open the Polish economy to foreign trade.

Toward *marketization (urynkowanie)* of the economy

The government was already moving towards more marketization of the Polish economy. Marketization was based on the idea of opening the Polish economy to global markets, and on the creation of different and pluralistic property rights, and

¹⁰⁰⁷ Ibid.

¹⁰⁰⁸ Ibid.

¹⁰⁰⁹ Ibid. Ecoconversion “means, forgiving Poland debt in exchange of following an environmental protection.” Ibid.

¹⁰¹⁰ Ibid.

¹⁰¹¹ Ibid.

¹⁰¹² Ibid.

therefore, meant restructuring Poland's ownership. At the same time, the agreement stressed the importance of competitiveness and incentivizing the economy, and the elimination of the monopoly of decision-making. A market-based process, according to the agreement, was supposed to start by the elimination of inefficient enterprises and the creation of new entities to demonopolize the economy by the end of 1990. Moreover, an antimonopoly decrees should be issued to ensure the effectiveness of the agreement and the reduction/curbing of government intervention in the economy through: 1) "confined [the role of the government] to indispensable regulation of commodity turnover and circulation of money; protection of working conditions, natural environment, and health, counteraction of monopoly structures and practices;"¹⁰¹³ 2) abolishment of *nomenklatura* system. The Solidarność-opposition side asserted the need for the elimination of the *nomenklatura*, which was always of concern to Solidarność. For them, the elimination of the *nomenklatura* was the first step to demonopolizing the economy and abolishing resource allocation that was based on administrative mechanisms rather than market mechanisms. To this end, emphasis was put on eliminating the allocation of goods and eliminating the remnants of 'administrative directives' for prices and currency rates of exchange.¹⁰¹⁴ A plan was, therefore, written to free prices, ensure competitiveness of enterprises, to create a convertible currency and to create a stock market at the beginning of 1991.¹⁰¹⁵ Liberalization and marketization had already started with the 'second stage' economic reform.

¹⁰¹³ Ibid., 29.

¹⁰¹⁴ Ibid., 10.

¹⁰¹⁵ Ibid.

The Soviet Factor

Before looking at the document about political reform, it is important to mention the ‘Soviet factor’ here. Political and economic developments in the Soviet Union had a decisive effect on political and economic developments in the satellite states. As mentioned before in this chapter, Soviet ideology was in decline, in particular with the introduction of Michail Gorbachov’s New Thinking. When Gorbachev ascended to power in USSR, he started his new vision of political and economic liberalization. His new economic reform had spill over effects that encouraged Poland and other Eastern European countries to start their own *perestroika*.

In Poland and other Eastern European countries, as argued by John Elster, “communism was imposed from outside by Soviet military might in the wake of World War II,”¹⁰¹⁶ and thus lacked legitimacy, and “they were deeply unpopular not only because of their disregard for basic human rights, but also because of their degrading subservience to the USSR.”¹⁰¹⁷ The legitimacy of Communist Party was a subject of debate in Poland and in other Eastern European countries. Only in Bulgaria, was the Soviet state described from a “friendly perspective.”¹⁰¹⁸ It is also important to note that the first version of the ‘roundtable’ did not include a plan for political democracy, but the “initial idea was to offer official recognition of Solidarity in exchange for Western aid and Solidarity’s support of the economic

¹⁰¹⁶ John Elster 1996: 2.

¹⁰¹⁷ Ibid.

¹⁰¹⁸ Ibid.

reforms.”¹⁰¹⁹ Then the issue of political reform became one of the primary goals for the ‘roundtable’ negotiations.

Towards new democratic order

A compromise was reached, in the *Political Reform Table*, on the future of Poland’s political system. The basis of political reform was to create a new system built on the separation of the powers of the executive, the legislative, and judiciary. Free elections were perceived as the primary goal for political reform and demonopolization of Party domination. Another major topic discussed at the Political Reform sub-table was the election of free and independent local self-government bodies. The document on political reform referred to the idea of parliamentary democracy in which the first elections for the *Sejm* were to be semi-democratic with a specific allocation of mandates for the Communist Party and its allied parties, but after that elections would be completely based on democratic principles. The document also clarified the civic rights of minorities. For the Solidarność-opposition side, one main demand for political and economic reform was the elimination of the *nomenklatura* system in Poland.

Among the principles that both sides agreed upon were:¹⁰²⁰ 1) freedom of association; 2) freedom of speech and freedom to access mass media; 3) independence of courts and their right to control other bodies to ensure their law-abidingness; 4) free election for territorial self-government. It was agreed that

¹⁰¹⁹ Ibid., 5.

¹⁰²⁰ *Warsaw PAP*, “Stance on Political Reform.” FBIS-EEU-89-065. 6 April 1989. P: 26-27.

elections to the *Sejm* and the Senate in 1989 would be held on June 4 and 18, but subject to the following conditions:

- 1) "The right to nominate candidates is given not only to the PUWP (Polish United Workers Party), UPP (United Peasant Party), DP (Democratic Party), PAX (Catholic Association), UCHS (Christian Social Union), but also to every independent group of 3,000 or more citizens."¹⁰²¹
- 2) A candidate for senator needed the signatures of 3,000 voters from a given province. The election for the Senate would be based on choosing two Senators from each province, but three from the Metropolitan Province of Warsaw and the Province of Katowice.¹⁰²²
- 3) The elections to the 10th *Sejm*, will be constrained and semi-democratic. That is to say, "the deal concerning the allocation of mandates,"¹⁰²³ applies only to the election for the 10th *Sejm*, were 60 percent of mandates allocated for the PZPR and its allied parties, 5 percent for small parties the PAX, PZKS, and UCHS and non-party,¹⁰²⁴ while independent candidates would compete for 35 percent of the total number of mandates.¹⁰²⁵

¹⁰²¹ *Warsaw TRYBUNA LUDU*, "Text of Roundtable Agreements." FBIS-EEU-89-086. 5 May 1989. P: 20-21.

¹⁰²² *Ibid.*, 21.

¹⁰²³ *Ibid.*

¹⁰²⁴ See Osiyatynski 1996 and *Warsaw TRYBUNA LUDU*, "Text of Roundtable Agreements." FBIS-EEU-89-086. 5 May 1989. P: 21-22. For a detailed analysis of the 'roundtable' talks and agreements, see Wiktor Osiyatynski, "The Roundtable Talks in Poland." In *The Roundtable Talks and the Breakdown of Communism*, Ed., Jon Elster, pp: 21-68 (Chicago: University of Chicago Press, 1996).

¹⁰²⁵ *Warsaw TRYBUNA LUDU*, "Text of Roundtable Agreements." FBIS-EEU-89-086. 5 May 1989. P: 21.

- 4) The election of the Senate would be free and totally democratic without any restriction. Thus, there was no allocation of mandates for the Senate election, so elections for the Senate would be open for all parties.¹⁰²⁶
- 5) Both the Senate and the *Sejm* form the National Assembly, which would be responsible to elect the President for the first term of office, after that democratic Presidential election should take place.¹⁰²⁷

It is important to note that the document for political reform stated that all parties running for the elections should restrict their electoral campaigns and program within the conditions/ limitations that were mentioned at the 'roundtable' agreement.¹⁰²⁸ The office of the President was of vital importance in protecting social peace, as stated in the political reform agreement. In addition, the judiciary had to be an independent entity away from any control by the legislature and executive powers to ensure its impartiality.¹⁰²⁹

The document also referred to the major changes which had to be made to the Constitution to fulfill the principles agreed by the participants of the 'roundtable'

¹⁰²⁶ Ibid. The document clarified the rules that will govern the election as the following: "during the first round of elections the candidates winning more than 50 percent of the valid votes cast in their electoral district shall become deputies or senators. If the first elections produce no definite results, runoff elections shall be conducted on limiting to two the number of candidates for every vacant Sejm or Senate seat. The second round of elections shall be decided by a majority of votes; the names of the pairs of candidates competing for each seat who got the most votes are listed on a single ballot card which in the case of elections to the Sejm is divided into seats." *Warsaw TRYBUNA LUDU*, "Text of Roundtable Agreements." FBIS-EEU-89-086. 5 May 1989. P: 21.

¹⁰²⁷ Ibid., 22. The President will "have vast powers in the field of representation of the State and executive power. The president may refuse to sign a law and return it to the Sejm together with a substantial motion for re-examination. The Sejm may overrule presidential veto with two-thirds of votes. The presidential acts of essential significant, with exception of implementing acts to powers applying to foreign and defense policy of the state, will require countersignature of the chairman of the Council of Ministers." Ibid., 22. The president also can dissolve the *Sejm* if it fails to appoint a government in a period more than 3 months, or pass a socio-economic development plan. The president also can declare a state of emergency for three months, in case of threat (internal or external) of national security. Ibid.

¹⁰²⁸ Ibid.

¹⁰²⁹ Ibid.

talks. Different articles included in Polish Constitutions would have to be changed to ensure progress toward the political and economic reforms agreed upon during the 'roundtable.'

The document was agreed and signed by Professor: Bronisław Geremek from the Solidarność side and by Professor: Janusz Reykowski from the coalition-government side. This document by itself represented a dramatic change in the political system of Poland in 1989. It introduced two main political institutions - the Senate and the office of President. Despite the fact that June election was semi-democratic, it paved the way for greater transformation in Poland that changed its history forever. It also resulted in a pseudo-democratic system which was expected to last for 4 to 6 years, but June elections brought about different realities. The agreement on political reform stated that the elections would be held in June 4 and 18, 1989 in two rounds. The 'roundtable' talks concluded with agreements for trade-pluralism, economic and social policy reform, and political reform. This historic event changed Poland history for years to come and led directly to the collapse of state socialism in Poland. The government agreed to embark on the implementation of the 'roundtable' agreements. At the same time, the Solidarność Citizens' Committee started its political and media campaign for Solidarność candidates running for the Senate and the *Sejm* elections in June 1989.

In his closing speech, General Czesław Kiszczak, summarized the results of the 'roundtable' negotiations as the following:

political reforms provide a great opportunity for Poland to become normal, with lasting social peace in conditions of a non-confrontational variety and individuality, thus allowing us to proceed together when matters at issue are common and most important for all citizens. At the roundtable we have also prepared a social consensus on the consolidation of a new, reformed economic order. It was a struggle with a particularly complex issue. We were able to

establish a list of problems demanding solution fairly quickly.... Compromises and partial solution in the economy are, unfortunately, expensive. They complicate and extend the time it takes to come out of the crisis. The economy is the subject of severe rules of economic calculations; its improvement depends on making subject to rules of a high-efficiency balance and the overcoming of inflation.¹⁰³⁰

Economic hypteinflation had forced the government to seek compromises with the opposition, in particular with Solidarność. The 'roundtable' talks idea, therefore, came as a way to reach social accord. In his closing speech at the 'roundtable,' Solidarność leader, Lech Wałęsa said:

In the course of the deliberations, differences of opinion on the matters of the calendar of reforms and political decisions were apparent. We feel that the introduction of the mechanism of democracy of the widest possible extent has the greatest significant, and that this can be carried out through immediate decisions, relating to the courts, the mass media, and territorial self-government.... Since its birth, Solidarity has expressed itself in favor of a fundamental reconstruction of the economy, for the market, for the independence of the enterprises, workers self-management, and equal rights for various forms of ownership. The reconstruction of the economy was taken on rather too late.¹⁰³¹

Solidarność National Executive Commission's participants showed their support for the Solidarność team at the 'roundtable,' and presented their approval of the packages of

¹⁰³⁰ *Warsaw Television Service*, "Speech by Interior Minister General Czesław Kiszczak at the final meeting of the Roundtable talks at the Palace of the Council of Ministers in Warsaw." FBIS-EEU-89-065. 6 April 1989. P: 30.

¹⁰³¹ *Ibid.*, 33. Wałęsa added "at the roundtable we sought a method for treating a sick economy, but we also demanded the protection of the existence of our families. Poles are ready for scarifies for their country, but there are also limits to relinquishment. We are aware that the roundtable deliberations have not fulfilled all expectations. They could not fulfill them. I must stress, however, that for the first time we talked with each other using the force of argument, and not the argument of force. That is good. This augurs well for the future. I feel that the deliberations of roundtable can become a start on the road of democracy and a free Poland." *Ibid.* In his *Autobiography*, Wałęsa stated that "I did finally become convinced that an agreement would be reached. Yes, there were a few logjams and sandbars still blocking the path, but we all wanted to get beyond them. Despite the setbacks of 1970 and 1981, we all believed we would succeed this time, if only because now ours ranks had swollen with frustrated young people prepared to pay for their ideals in blood. The opening of the Round Table talks had been a turning point; now we needed to ensure that they went down in Polish history as one of the nation's greatest triumphs. In the final days the government party began using our terms: 'anticrisis pact,' for example, meant nonaggression pact. And the accords we reached now made it possible to transform Poland without any one political force stacking the deck. All this was done at the negotiating table, not in the streets - eloquent testimony that Polish society had matured." Walesa, *Struggle and Triumph: An Autobiography* (New York: Arcade Publishing, 1992), 179-180.

agreements that were adopted in April 1989.¹⁰³² It is clear that many of Solidarność's leaders, members and supporters agreed with its stand at the 'roundtable' talks. For them, these compromises would open up new avenues in which Solidarność would play a vital role. From the political reform agreement, one can clearly say that the Communist Party had hopes for saving its own power from collapse, while Solidarność's major concern was its legalization and the introduction of political reforms toward democratic transition.

In general, Solidarność secured its re-legalization and ensured the restoration of both workers' and farmers' trade unions. The issue of wage indexation was discussed immensely and attracted many divergent views, but in the end it was an issue that both the government and Solidarność agreed on, but with reservations from the OPZZ. For OPZZ, their objection about indexation was "because it treats it as a price-hike enforced bonus, a necessary evil which should be eliminated at the turn of the first quarter of 1990. We talk in favour of common indexation because the crews of factories do not take the blame for inflation,"¹⁰³³ Said Alfred Miodowicz – head of the OPZZ. The signing of the economic and social policy agreement was delayed for two days. Therefore, a supplementary document was attached to the 'roundtable' agreements; which present the OPZZ position on wage indexation, as mentioned before.

With the signature of the 'roundtable' agreement, Solidarność started its campaign for the *Sejm* and the Senate elections. The Citizens' Committee of Solidarność acted as a political platform for Solidarność candidates. The first meeting for this Committee was held at the end of April 1989 under the supervision of Lech Wałęsa. It is important to

¹⁰³² *Warsaw PAP*, "Solidarity Support Roundtable Results." FBIS-EEU-89-065. 6 April 1989. P: 38.

¹⁰³³ *Warsaw PAP*, "Midowicz Addresses Krakow Trade Unionists." FBIS-EEU-89-067. 10 April 1989. P: 38.

note that Wałęsa did not run as a candidate. In the words of Wałęsa “If I did run as a candidate, I would not be able to reconcile everything, I must keep some distance.”¹⁰³⁴

Other opposition groups were also involved in campaigning for the June elections as part of the semi-democratic agreement reached at the ‘roundtable.’ Candidates from different political and economic orientations ran for the Senate and the *Sejm* elections. Solidarność urged the electorate to take part during the elections to de-monopolize the hegemony of the Communist Party. A statement by Janusz Onyszkiewicz reads in this regard:

The Solidarity Citizens’ Committee acknowledges that certain opposition groupings will propose their own candidates for deputies and senators independently from our committee - with election programmes of their own. This is their good right, which we were seeking at the round table. We state that we will come out against all attempts at violating this right. We especially recommend this to our representatives in election commissions. We express the hope that the contest with full personal and political culture in a common struggle for the good of this country.¹⁰³⁵

International response to the ‘roundtable’

International factors were important in the period during and after transition, but domestic factors were the major drivers of change in Poland. According to Mitchell Alexander: “Western influence was clearly important as a model, an ideal, and in some cases a succor to dissent in Eastern Europe during the Cold War. Yet the West played a passive role in the changes in Eastern Europe in 1989; it did not cause them.”¹⁰³⁶ Domestic factors were the major causal factors that explain institutional changes that place in Poland in 1989. With the rise of different oppositional movements, the legitimacy of the Communist Party started to eroded. In addition,

¹⁰³⁴ *Warsaw Domestic Service*, “Walesa Chairs Solidarity Citizens' Committee.” FBIS-EEU-89-077. 24 April 1989. P: 33.

¹⁰³⁵ *Warsaw PAP*, “Further on Meeting.” FBIS-EEU-89-077. 24 April 1989. P: 33.

¹⁰³⁶ Mitchell Alexander Orenstein, *Out of the Red: Building Capitalism and Democracy in Postcommunist Europe* (University of Michigan Press, 2001), 15.

repeated economic crisis had worsened the situation. Therefore, the idea of social accord became an urgent matter for the government to reconcile with the society. After the conclusion of the ‘roundtable’, Western assistances increased.

The United States supported the ‘roundtable’ talks and its results. Before the end of the ‘roundtable’ talks, the United States, politicians and academics were urging the government to support the changes taking place in Poland by aiding Poland with rescheduling its foreign debt. The total amount of United States proposed aid was around \$1 billion spread over several years.¹⁰³⁷ During his visit to Poland, President George Bush announced a new policy toward Poland.¹⁰³⁸ The following eight-point program was proposed by the President of the United States in support for Poland economic situation:¹⁰³⁹

1. The United States will allow Poland to use the system of ‘GSP,’ which will remove customs tariffs on specific Polish goods.
2. The United States will ask the Paris Club to reschedule Poland’s foreign debts which amounts to 39 billion.
3. The United States will support the Poland-IMF standby agreement.
4. The United States government will allow federal institutions to give assistance to American firms that want to invest in Poland.
5. The United States will propose intergovernmental agreement to allow cooperation between private sectors in both countries.

¹⁰³⁷ The Intelligent Economist Report Poland 1989, No. 2, P: 16.

¹⁰³⁸ Ibid.

¹⁰³⁹ *Warsaw TRYBUNA LUDU*, “Bush Announces Policy ‘Free of Discrimination.’” FBIS-EEU-89-075. 20 April 1989. P: 32.

6. The United States will “encourage American firms to acquire equity holdings in enterprises in Poland or in projects connected with environmental protection or education in exchange for redeeming enterprises debts.”¹⁰⁴⁰
7. The United States Government will propose giving loans to private sectors in Poland.
8. The United States “will encourage new bilateral programs concerning culture, education, and training with the aim of aiding the private sector in Poland.”¹⁰⁴¹

In sum, the United States economic aid package aimed at coordinating international action to help Poland with its economic reform, loans from the World Bank, environmental protection initiatives, rescheduling debt payments, and establishing cultural centers.¹⁰⁴² All of these points emphasis Western interest in developing and encouraging the private sector in Poland.

In a similar vein the European Community started, after the ‘roundtable’ agreement, to examine its relations with Poland, in particular, the issue of its debt. The European parliament adopted six points in regard to EC relations with Poland. These point were:¹⁰⁴³ 1) “the restoration of good relations with Poland is in the vital

¹⁰⁴⁰ Ibid.

¹⁰⁴¹ Ibid.

¹⁰⁴² *Warsaw PAP*, “U.S. Economic Assistance Program Viewed.” FBIS-EEU-89-131. 11 July 1989. P: 45-46. The report stated that “as for loans from World Bank, the U.S will encourage the institution to grant Poland credits amounting to 325 million dollars which will be aimed at increasing the competitiveness of Polish exports through the restructuring of industry and the development of agriculture. The loans would be given for 17 years, with a six-years period of suspended payments. In the field of bilateral agreement on debt rescheduling the programme will include American support in the Paris Club for an early and generous different of payment of the Polish debt.” Ibid.

¹⁰⁴³ *Warsaw PAP*, “European Parliament Discusses Polish Debt.” FBIS-EEU-89-071. 14 April 1989. P: 31. For more details refer to Eastern European Daily Report in April 14, 1989. This draft was

interest of the EC;”¹⁰⁴⁴ 2) the issue of Poland’s heavy foreign debt made Poland unable to achieve a desirable economic performance by itself, therefore there is an urgent need to help solve this problem; 3) “social moods will be of great significant for a success of the Polish Government’s efforts in deepening democratization and developing *market economy*, and the way they will be shaped also depends on whether Poland will have proper financial means to undertake necessary economic ventures;”¹⁰⁴⁵ 4) an agreement has to be reached between the EC and Poland to boost Poland’s economy ;5) a proposal is set to facilitate an agreement between Poland and its creditors to improve Poland’s “economic situation on market principles;”¹⁰⁴⁶ and finally 6) The President of the European Parliament will have to show these proposals to the Commission of the EC and the Council of Ministers of the EC, and present them to the Polish Government.¹⁰⁴⁷ There is a clear interest in part of the European community to engage with Poland economic and political restructuring as part of its future membership in EC.

The United Kingdom also expressed its willingness to help Poland through this difficult time when inflation was skyrocketing every month. After the ‘roundtable;’ Prime Minister Thatcher, a major advocate of the free-market, initiated a package to help Poland restructure its economic system. Prime Minister Thatcher pledged a five-point plan for Poland. This plan aimed at helping Poland’s economy with “a contribution of 25 million pounds sterling to create a more *market-oriented*

presented at the European Parliament, attended by Chairman of the Polish Delegation, Deputy Edward Szymanski.

¹⁰⁴⁴ Ibid.

¹⁰⁴⁵ Ibid. Italic added.

¹⁰⁴⁶ Ibid.

¹⁰⁴⁷ Ibid.

economy”¹⁰⁴⁸ (Italics added). These five points were: 1) U.K will help Poland with its negotiations with the International Monetary Fund and the World Bank because “an effective IMF programme is seen as essential if the Polish economy is to recover;”¹⁰⁴⁹ 2) U.K will help Poland to reschedule its debt with Paris Club creditors “on favourable terms of principle and interest on Poland’s debt due this year [1989];”¹⁰⁵⁰ 3) the United Kingdom will offer 5 million pounds spread over for five years to “set up a ‘know-how fund’ to provide Poland with management training and other assistance towards creating a more market oriented economy;”¹⁰⁵¹ 4) U.K will increase its economic cooperation with Poland; and 5) U.K will also help Poland with the European Community by “pressing for a liberalization of discriminatory restrictions against a variety of Polish goods.”¹⁰⁵²

After the ‘roundtable’ agreement, the government formed an economic committee whose major task is to implement the decisions agreed upon at the ‘roundtable.’¹⁰⁵³ The government declared its readiness to implement all agreements. The Council of Ministers, therefore, announced a program of work aimed at implementing the provisions of the agreements. After the signature of the ‘roundtable’ agreements, a resolution was made by the Council of Ministers to calling for elections to the *Sejm* and Senate. Another resolution was made on the number of deputies elected from the national electoral list.¹⁰⁵⁴

¹⁰⁴⁸ Ibid. *London PRESS ASSOCIATION*, “Thatcher Pledges Help.” Daily Report. West Europe, FBIS-WEU-89-111. Under the heading “*Poland’s Jaruzelski Visits Britain.*”

¹⁰⁴⁹ Ibid.

¹⁰⁵⁰ Ibid.

¹⁰⁵¹ Ibid.

¹⁰⁵² Ibid.

¹⁰⁵³ *Warsaw PAP*, “Economic Committee on Roundtable Agreements.” FBIS-EEU-89-075. 20 April 1989. P: 37.

¹⁰⁵⁴ *Warsaw PAP*, “Further on Election Agenda.” FBIS-EEU-89-071. 14 April 1989. P: 14.

The government, represented by the Council of Ministers, in fulfillment of the ‘roundtable’ agreements, adopted a law called “special rights of some people to reinstatement,”¹⁰⁵⁵ to compensate workers who were expelled from their work because of their activities with trade unions in 1981. Another decision linked to the ‘roundtable’ agreement was the drafting of a law in connection with wage indexation to be introduced into the factory pay system, whereby “the introduction of wage indexation in a given plant will be defined in a factory remuneration system.”¹⁰⁵⁶

On April 17, 1989, the Warsaw regional court allowed the registration of the Independent and Self-Governing Union ‘Solidarność’.¹⁰⁵⁷ In May, Solidarność was given, for the first time, an opportunity to present its election program on national T.V.¹⁰⁵⁸ The process of political change had accelerated after the conclusion of the ‘roundtable’ which paved the way for Solidarność to assume a new role. Important to note that in the closing paragraph of the ‘roundtable’ agreement, a statement was issued that a Coordinating Commission, consist of participants from the government-coalition and Solidarność-opposition participants at the ‘roundtable,’ would be established to ensure the fulfillment of the ‘roundtable’ agreement.¹⁰⁵⁹

Inflation was still the major problem threatening the stability of the Polish economy. The table below gives the reader a general overview of Poland’s economic

¹⁰⁵⁵ *Warsaw PAP*, “Council of Ministers Adopts Reinstatement Plan.” FBIS-EEU-89-078. 25 April 1989. P: 38.

¹⁰⁵⁶ *Ibid.*

¹⁰⁵⁷ *Warsaw PAP*, “Officials on Court Registration of Solidarity.” FBIS-EEU-89-073. 18 April 1989. P: 33.

¹⁰⁵⁸ *Warsaw PAP*, “Solidarity TV Studio Opens; Walesa on Elections.” FBIS-EEU-89-089. 10 May 1989. P: 36.

¹⁰⁵⁹ *Warsaw TRYBUNA LUDU*, “Text of Roundtable Agreements.” FBIS-EEU-89-086. 5 May 1989. 5 May 1989. P: 35.

indicators - output and inflation from 1986 to 1990.

Table 5.6: Output and Inflation in Poland from 1986-1990¹⁰⁶⁰

Indicators	1986	1987	1988	1989	1990
Real GDP Growth	4.2	2.0	4.1	0.2	-11.6
Industrial Production	4.4	3.4	5.3	-0.5	-24.2
Nominal Wages	22.3	21.3	79.4	274.3	347.9
Retail Prices	17.5	25.3	61.3	243.8	617.8

After the ‘roundtable,’ Solidarność Citizens' Committees (*Komitet Obywatelski Solidarność*) formed in several regions in Poland and in April it started its electoral campaign for the June elections. The Citizens' Committees played a crucial role in promoting Solidarność's agenda. The figure below shows the Solidarność Citizens' Committees' program before the semi-democratic elections of June 1989 for the *Sejm* and the Senate. The program presented below was translated by FBIS from Polish, and was taken literally from the report to present Solidarność major political and economic agenda before its massive victory in June elections.

¹⁰⁶⁰ Simon Johnson and Gary Loveman, *Starting Over in Eastern Europe: Entrepreneurship and Economic Renewal* (Harvard Business School Press, 1995), 20. Original source: “Rocznik Statystyczny 1991 (Warsaw: Statistical Office of Poland, 1991). Note, in January 1990, the government commenced the ‘Balcerowicz Plan.’

Figure 5.1: Electoral Program of Solidarność Citizens' Committees

**Electoral Program of Solidarność Citizens'
Committees**

Why are we going to vote?

We are calling on all people to participate in election because we are aware of the benefits which Poland may achieve due to the representation of independent forces in the Sejm and the Senate. This is an important opportunity for the present and the future...

In entering the elections, we are not turning a blind eye to the still undemocratic system for governing our country, and we do not intend to enhance the credibility of this system. We want to change this system, accomplishing this through evolutionary changes, using parliamentary methods as well. Providing an opportunity for limited representation in the parliament is not a favor on the part of the authorities, but rather giving to the people a part of what they are due. This has come after many years of struggle which consisted of the bloodily suppressed workers' actions beginning in the year 1956, the strikes of 1980, the formation of the NSZZ

[Independent Self-Governing Trade Unions] Solidarity, and the persistent struggle in defense of the civil and human rights by our people after 13 December 1981.

For more than 40 years now, the government in Poland had been undemocratic and not subject to control. This year's elections will not make the government democratic. However, they may bring about a condition in which society controls the government through its independent representatives. This will be the case if a corresponding number of persons elected by us will come to both chambers. These have to be intelligent, diligent, inquisitive, and, above all, honest people who will not allow themselves to be corrupted or broken...

What we will strive for?

The sovereignty of the people and independence of the country, and the betterment of the republic are our goal. We intended to proceed toward this goal using the methods of legal activities, of parliamentary political struggle.

We strive to strengthen human and civil rights, so that free people will be able to build their country together.

We strive for a reform in the economy and for a new social policy, so that work will become meaningful again, and people will be given the dignified living conditions they deserve.

I. Civil Rights

1. Constitutions

Reconstructing the state should be based on a new constitution complying with the democratic traditions of the Poles, implementing the concept of freedom, equality of citizens regardless of ethnic background, religious, political, or other convictions, and guaranteeing the sovereignty of the people and the socially accented [as published] methods of government. Ascribing a guiding or leading role, or other privileges, to any party or another political force should be ruled out.

2. Elections

The current election agreement has been signed for one time [only]. The next elections to the Sejm and the Senate should be completely democratic, without any restrictions or privileges.

3. Self-Government of cities and Gminas

Restoring authentic self-government of cities and gminas is an important step on the way to democracy. A self-government body should be an exclusive master of its territory which is completely separate from the state administration. Councils should be elected by free and democratic balloting. Only compliance with these conditions will make the ownership of the councils own assets and finances meaningful. Cities and gminas should have a right to join in unions, and be protected from interference by voivodships and central authorities...

4. Freedom of Associations

We will safeguard and defend the right of citizens to form associations, and engage in public activities. Our deputies and senators will be the spokespersons for the communities and groups which have supported their program and candidacies, especially the NSZZ Solidarity, the NSZZ Solidarity of individual Farmers, and the NZS [Independent Association of University Students].

It will be their task to expand the freedom of trade unions, to implement persistently trade union and association pluralism, as well as the freedom of creating and operating political parties.

Solidarność Citizens' Electoral Program in 1989: Continued

5. Legislative Activities

Polish legislative should safeguard the freedom and rights of citizens. It should fully comply with the international obligations of Poland in the spheres of protecting human rights. We will work for a radical reform of the criminal law in the direction of reducing its repressiveness. We will also make an effort to modify the civil law so that it would protect the interests of citizens better.

6. Application of the Law

We will safeguard the right of every citizen to an impartial and fair trial. Courts must be independent of political and administrative organs, and judges on the bench should be independent. The prosecutor's office should be subordinated to the Ministry of Justice. Boards for misdemeanors should be eliminated, and only court may have the right to deprive a person of his freedom. The Citizen's Militia, which should serve to protect the life, freedom, and property citizens, needs to be depoliticized...

7. Culture and Information

A complete access to comprehensive information, to public expression of his views is the right of every citizen. We will strive to eliminate censorship, and to abolish the state monopoly on TV and radio broadcasts, on allocating paper, and on controlling printing plants. We will work toward a system of financing culture, which is devoid of political privileges, for conditions facilitating the publication of independent culture of publishing houses and institutions serving its needs. We must bring the crisis of Polish book [publishing] to an end. We will make an effort in order to ensure for society the broadcast access to the benefits and values of culture.

8. Military Service

We will demand that the duration of military service be reduced, alternative service by recruits be introduced on a broader scale, especially in education and the health care service. We will strive to provide guarantees of compliance with the basic human rights with regard to soldiers, including the freedom of conscience and religious practices, and the right to own personal property. We want to eliminate military training in schools. We will demand changes, which will make the armed forces, serve the Polish state rather than any single party.

9. Right to Advancement

We will demand the abolishment of nomenclature in all spheres of social life, and work for the equal right of all citizens to have access to work, hold management positions, as well as participate in public life.

II. Economy

10. Most Urgent Actions

No economic miracle will happen, nor can it, in the 4-year term of the new Sejm. However, the acquisition of independence by various enterprises will make it possible to reduce waste, restrict unprofitable, and occasionally harmful, production, and regroup the employees and national assets in such a way as to achieve better results quickly. The law must be repealed which now allows the government to interfere at will in the operation of enterprises, and even to liquidate them. The decision on liquidating the Gdansk Shipyard should be reviewed by a commission independent of the government. We believe that it is necessary and possible to take urgent steps in the Sejm with a view to improving the situation of the poorest and socially most disenfranchised families. ...

We will undertake actions in the Sejm and the Senate with a view to increasing food production rapidly by immediately reforming the agricultural policy, which will improve even extemporaneously the living conditions of rural population and the provisioning of cities.

We will see to it that all resolutions of the roundtable in demonopolizing procurement and processing of agricultural products and supplying agriculture be carried out comprehensively, as well as those on switching a segment of industry to meet the needs of agriculture, changing the tax policy, inexpensive loans, and equality of all ownership sectors.

We can and should arrest the retrogression of civilization in our country, the decay of national assets, and the process of impoverishment of a majority of the working people.

We should embark on combating inflation effectively. Subjecting the state budget and the tax system to parliamentary control should be the primary means for accomplishing this.

11.Economic Reform

We will work to establish a new economic order which will be based on the market and independent enterprises operating under market conditions. We seek to have the positions of heads of socialized enterprises filled by competitive applications.

We seek genuinely equal rights for all sectors, and the removal of administrative interference. All economic entities should operate exclusively on their own account and be responsible for the results of their work. Society should not cover the losses resulting from poor management. The profit generated and benefits for society should be the only criterion for evaluating enterprises.

12.Changes in Ownership Relations

We will seek changes in ownership relations. A legal foundation for privatization or genuine socialization should be created. A great portion of the assets presently held by the state should be transferred, sold, or leased to cities, gminas and enterprises, creating companies with the participation of cooperative and private capital. The state should not be directly involved in conducting economic operations. The process of endowment with property and privatizing state assets should be carried out in keeping with clear-cut and fair principles, and without privileges, so that it will not be reduced to endowing privileges, so that it will not be reduced to endowing the nomenclature with property.

13.Restructuring the Economy

Making the economy healthier calls for changes in its structure. We will seek a reduction in the share of the raw material and energy complex and heavy industry in our economy. We will not go along with excluding any economic sector from the influence of the general principles of reform and the laws of the market. We demand that the enforcement of the antimonopoly laws be made stricter.

15.Employee Self-Management

We demand that the powers of self-management bodies give workforces influence on strategic decisions in the enterprise and make them responsible for the performance of the enterprise.

16.Agriculture

We believe agriculture to be the most important issue for our country. The life of rural population and food supply for society depend on it. We bring up this issue as the last among economic matters because we want the entire reformed national economy to work for the benefit of agriculture and rural areas: all industries, domestic and foreign trade, transportation and infrastructure...

17.Social Supervision

The economic policy and the process of implementing reforms should be subject to efficient social control. We will seek to coordinate them with the trade unions (including agricultural) and a representation of employee and rural self-management bodies. No essential data on the economy may be concealed. We want to create conditions for the development of various programs, a free discussion of them, and a democratic selection of the program enjoying the greatest social support.

III. Living Conditions of Society**18.Work**

We support the policy of full employment. However, we come out against unnecessary and simulated work for which all of us have to pay. We will demand social benefits for people temporarily deprived of the opportunity to work, payments for training in a new profession in the event of liquidation of unprofitable enterprises, and efficient assistance in looking for another job. We are against the exploitation and discrimination of trainees.

19.Equitable Salaries

Everybody has a right to equitable remuneration for labor. We will fight for the income from 42 hours of work weekly to be sufficient for supporting a family. Forcing anybody to work longer is inadmissible. Retirement benefits are also wages accumulated through laboring for many years. We will not agree to the lowest retirement benefit being less than one-half of the average wage in our country. We regard starvation annuities as a violation of the agreement on social welfare by the state. We will demand that funds saved [due to the reductions] in outlays for the military and the MSW [Ministry of Internal Affairs] be primarily allocated to bringing retirement benefits and annuities to an equitable level.

20.Occupational Safety and Responsibility for Accidents

We will demand a major improvement in occupational safety. Enterprises must be liable for work-related accidents under the civil law. Penalties for shortcomings in the sphere of occupational safety and hygiene must be increased. The industrial health service should be independent of the enterprise; also, regulations on occupational diseases should be made more realistic. We will strive to provide greater opportunity for work and ensure equitable conditions for the handicapped.

21.Housing

We are determined to use our presence in the parliament for initiating a major turnaround in this sphere; the housing policy, which has brought about the current situation should be changed. We want to break the monopoly of state enterprises, make housing stock management market-oriented while combining this with widespread provision of credit so that apartment would be generally accessible, bring out and support individual, cooperative and private initiatives. Social control over the management of buildings is a means of containing the decay of assets and reducing the cost of upkeep. Rents must cover such expenses; however, compensation should be provided for the growth of rents.

22.Environmental Protection

All Poles have the right to live in a healthy environment. We demand a radical improvement in the situation in areas of ecological danger. A new system of control and penalties should be created in order to make the poisoners stop the poisoning. Harmful enterprises should be liquidated or modernized. Social control in this sphere and ecological movements should be supported and respected by the state. We are against the program of nuclear power generation in its present form. Rational and thrifty management of the natural resources of our country will be our concern.

23.Health Service

We demanded a new system in health care service, such that every person will be able to actually receive the drugs, treatment, and care he needs. Contributions accumulated by the ZUS [Social Security Agency] should be spent exclusively for services to the populace rather than support the state budget. We want to ensure equitable earnings for the employees of the health service and conditions for taking care of the patients. We will demand that the self-management bodies of physicians be restored, bureaucracy be restrained, and party nomenclature in the health service be abolished...

24. Schools and Colleges

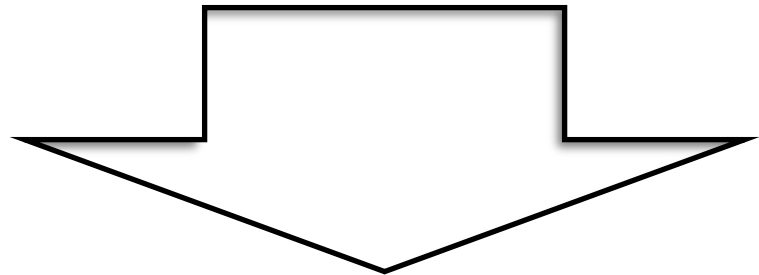
Schools and colleges should be a place for education and brining rather than an ideological front; any ideological coercion or pressure on school grounds is inadmissible. In keeping with this principle, we come out against atheistic propaganda in schools, and the selection of teachers based on their worldview. We will demand that extensive powers be given to self-management bodies of the parents, teachers, [school] students and [college] students. Interference by the administration should be restricted. It is necessary to restore complete autonomy of colleges. Setting up a great number of non-state schools-denominational and other-should be made possible. We should make it possible for national minorities to set up their own schools. Schools have the right to pedagogical experiments, and young people have the right to form associations in line with their needs and preferences...

25. Young People

We are aware that a justified feeling that opportunity and prospects in life are lacking on the part of the younger generation is one of the most dangerous manifestations of the Polish crisis. The implementation of our entire program is to counteract this phenomenon. This applies in particular to the issues of education, housing, work earnings and military service.

26. Hardship of the Daily Round

The hardship of the daily round is a particular burden on women; it threatens family life. We will embark on a continuous effort to alleviate it. This calls primarily for improving supplies to the stores and better organization of sales, development of services, expansion of the chain of social service institutions, including private. Proper recreation during leaves for children and families must again become generally accessible in the forms complying with economic and social changes. We expect the reform to set in motion various initiatives, and the developing associations and self-management organizations to show the avenues for specific activities. Making the daily round easier is one of our basic goals, and we will work on implementing it persistently.



The above points should not be read as a program of promises. This is the direction for operations. It is to be implemented jointly by society and its representatives in the parliament. This is not a closed-end program. Together we will improve it and add to it during the term of the new Sejm and the new Senate

Source: FBIS translated Report of Poland in May 1989, translated from *Warsaw RZECZPOSPOLITA*, "Solidarity Committee Issues Electoral Program." FBIS-EEU-89-091. 12 May 1989. P: 40-44.

Summary

The principles that both the government and Solidarność agreed upon during the ‘roundtable’ talks, were: 1) an introduction of semi-democratic elections that signified political pluralism by allowing the opposition to run for 35 percent of the *Sejm*; the rest was to be allocated to Communist Party and its allied parties, but seats for the newly established Senate were to be open to all candidates; 2) freedom of speech through free access to mass media and freedom of association; 3) independent judiciary; 4) freely elected local governments with comprehensive powers; 5) legalization of trade unions and removal of restrictions on trade unions registration; and 6) implementation of the new economic order.¹⁰⁶¹ These principles that had been debated and agreed upon by both sides - the coalition- government side and Solidarność-opposition side - were to be implemented after the signing of the agreements. The first demands for political reform included an election to be held on June 4 and 18 for both the Senate and the *Sejm*. Note here that a new chamber, the Senate, was proposed. Already at this point of transition, Solidarność had formed a political wing, the Citizens' Committee, to support its candidates to run for the elections of June 1989. They also started a daily newspaper under the amendment of mass media law that allowed the opposition to have their own press and run their own publication house. Adam Michnik headed the new Solidarność journal.¹⁰⁶²

¹⁰⁶¹ See Osiyatynski 1996: 26 and *Warsaw TRYBUNA LUDU*, “Text of Roundtable Agreements.” FBIS-EEU-89-086. 5 May 1989. 5 May 1989. P: 19-35.

¹⁰⁶² In his article, Adam Michnik, “Jaruzelski Give Us Your Hand: You Are Not the Enemy,” he wrote that “In Poland, as in the Soviet Union and all the other countries of real socialism, reformist and democratic aspirations are encountering, and will continue to encounter, tough opposition from the *nomneklatura* shaped by Stalinist models. Much depends on what stance is adopted by the government wing that led to the holding of the roundtable. At the present OPZZ leader Midowicz is effectively

Remembering that during Solidarność's formative years, it avoided direct demands for political change, because it "had deliberately hewed to a policy of non-violence."¹⁰⁶³ But things changed this time. The Party was more relaxed about Solidarność's demand for trade pluralism, and for democratic reform. As presented above, the situation had changed in favor of Solidarność and in favor of radical change. Not only internal conditions, primarily the economic crisis and distrust of the Party stemming from its monopoly over politics and economy, but also, international factors, which included Gorbachev's New Thinking and pronounced Western support for Polish changes, had ignited changes in Poland and other Eastern European nations. After the conclusion of the 'roundtable' agreement, Solidarność was legalized and started its campaign for Solidarność candidates to the Senate and the *Sejm*.

The results of the *Sejm* and the Senate elections led to a victory for Solidarność, which was unexpected by all parties involved in the 'roundtable' negotiations, as neither Solidarność nor the Party had predicted the results of the June 1989 elections.¹⁰⁶⁴ The following chapter will continue the story of Poland's

organizing the conservative lobby, with the support of the conservative leaders in East Berlin and Prague. This is why the Jaruzelski team's ahead will not be easy ones for Poland. However, I see no better path for Poland than implementation of the roundtable accords. For the victory was not Jaruzelski's but Solidarity's and Walesa's. In future, however, it is the interests of Poland and of Europe that must prevail." Rome *LA REPUBBLICA*, "Adam Michik Views Results of Roundtable Talks." FBIS-EEU-89-081. 28 April 1989. P: 36.

¹⁰⁶³ Robert A Senser, "How Solidarity Won Its Freedom," *Monthly Labor Review*, (September 1989): 37.

¹⁰⁶⁴ As stated before, June elections was not fully democratic because the agreement at the 'roundtable' political reform allowed the opposition to run for only 35 percent of the *Sejm* seats. Many political scientists in Poland stressed the possibility of democratic change in Poland, specifically after the announcement of the elections results. This type of transition has been termed as 'pact transition.' Pact transition means simply transition from one political system to another through agreement using non-violent method. Dr Andrzej Sobocinski, deputy director of the Gdansk University Institute of Political Sciences, argued that democracy had a long history in Poland, of which he said that: "democracy in Poland

transition during 1989 and will focus on the situation in Poland in June 1989. It is important to keep in mind that certain circumstances and conditions impelled certain actions. As the reader will see in the following chapter the situation changed after the June elections. The Communist Party itself had undergone changes and internal struggle within its conservative and reformist wings. One of the Party's spokesmen described the situation as follows:

We are now a party which bases itself in reality and treats reality the way it is. We have dispensed with wishful thinking, which has cost us so much. Our point of departure now is truth. Our first secretary, General Wojciech Jaruzelski, bears much of the credit for this new approach...

People forgot that we are a different party today, a party that has anything in common with it. They forget the influence on the PZPR of certain hostile forces, which are considered threatened by the new party. As a result, despite all the facts, people at home and abroad insist that the party cannot be reformed, that it is still Stalinist party, and so on.¹⁰⁶⁵

The 'roundtable' talks are still a debated topic in Poland, between believers who thought that it was a necessary compromise for the development of democracy and capitalism in Poland, and those who felt that it "failed to punish the communists for

must become an established fact. In theory our society is ripe for democracy. We have rich traditions in the sphere of political life, and this is also includes multiparty systems. We could recall here the end of the 18th century, which saw the birth of some very interesting ideas for salvaging the state. Although these were unsuccessful, nevertheless they did not disrupt the process of strengthening and consolidating the sense of Polish national and state identity, a process which was to continue throughout the following century until Poland regained its independence in 1918. Thus democracy is a part of our national heritage, as it were, but we need to consider whether the period of tremendous social advancement brought about socialism has not lowered the political culture of Polish society in objective terms. The change of the sociopolitical state system, combined with a change of the ruling class, caused certain crucial shifts in our system of sociopolitical values. The quality of the ruling class is a fundamental factor here: it decides on the extent of democracy within the system. After the war neither the working class nor the peasant class of the day were capable of meeting the quality requirement, and the party, which constituted their vanguard, made a great number of significant and tactical errors." Gdansk *GŁOS WYBRZEŻA*, "Political Scientist Urges Reforms, Democracy," FBIS-EEU-89-109. 8 June 1989. P: 34.

¹⁰⁶⁵ *TRYBUNA LUDU*, Interview with Jan Bisztyga by Zygmunt Slomkowski. FBIS-EEU-89-109. 8 June 1989. P: 33.

their crimes.”¹⁰⁶⁶

It is important to note that the office of President was debated during the elections of June 1989. Janusz Onyszkiewicz, Solidarność’s press spokesman, said in regard to this issue that: “the government and Solidarity only agreed that the ruling coalition will have a majority in parliament (Sejm),”¹⁰⁶⁷ and that Solidarność senators and deputies will vote for the presidential elections.¹⁰⁶⁸ Some of Party members stressed the need to keep Jaruzelski as President of Poland, which indeed became a reality after the elections.

To summarise, the aim of this chapter was to analyze one of the major events in the history of Poland - the ‘roundtable’ negotiations. The ‘roundtable’ talks are considered to be a critical turning point that led to great breakthrough in the direction that economic and political institutions in Poland would take. The government suffered a great degree of frustration caused by the sluggish progress of its economic reform. Prior to the ‘roundtable’ talks, Solidarność was one of the leading illegal opposition movement that worked underground and used non-violent resistance. Calls for compromise and cooperation became urgent in 1988. The government, therefore, approached Solidarność for negotiations. Three major ‘sub-tables’ were established - *Political Reform*, *Trade Pluralism*, and *Economic and Social Policy*. The issues and agreements in each sub-table issues were discussed in this chapter in order to understand the events following the signing of the ‘roundtable’ agreements

¹⁰⁶⁶ Brian Porter, “The 1989 Polish Round Table Revisited: Making History,” *The Journal of the International Institute* 6, no.3 (1999): 3.

¹⁰⁶⁷ *Belgrade TANJUG*, “Solidarity Rejects Urban Remarks on Presidency.” FBIS-EEU-89-113. 14 June 1989. P: 46.

¹⁰⁶⁸ *Ibid.*

in April 1989.

The ‘roundtable’ debates were a forum for the presentation of various opinions, positions, and expectations. The following chapter looks at the elections of 1989, and their results. The challenges faced by Solidarność led government are discussed. The elections of June 1989 were a critical juncture in the history of Poland, since they led to the collapse of state socialism and to the creation of a new democratic system and the restoration of capitalism. They also led to the collapse of Communist domination in Poland and of a socialist ideology that had dominated Poland for more than 40 years. With the conclusion of the ‘roundtable talks,’ international assistance poured into Poland. However, the situation after the ‘roundtable’ agreement was still characterized by high uncertainty which also created an opportunity for Solidarność government to embark on its radical economic and political reforms.

I will end this chapter with a quote from Batara Simatupang who summarized the situation in Poland prior to the breakthrough events in mid 1989. She cleverly described the internal context of Poland and the status of state socialism before the elections of June 1989 by saying that: “its longstanding lack of legitimacy and the loss of geopolitical support, its poor economic performance, its failed attempt to reform the economic and political systems in 1988-9, and the decomposition of state socialism, led to a new economic crisis in 1988-9. Unlike the past crisis, this crisis was not resolved by ‘regulation through crisis,’ but a collapse of the regime.”¹⁰⁶⁹

¹⁰⁶⁹ Simatupang 1996: 221.

Chapter Six: Poland's March to Democracy and Capitalism

Because of political considerations, we have a much wider choice today when it comes to reshaping our fundamental economic and institutional structure than we had in the years 1980-1981. In those days most of us opted for a self-managing market economy model.

-Leszek Balcerowicz (1989).¹⁰⁷⁰

Poland already went through the experience of real socialism and it was very expensive. That is why we prefer to apply solutions which have been tested elsewhere.

-Tadeuz Mazowiecki (1990).¹⁰⁷¹

Liberalism is a chance for Poland, because it is based on experience and not utopia.

-Jan Bielecki (February 1992).¹⁰⁷²

Introduction

After the conclusion of the 'roundtable' agreements in April 1989, Solidarność was legalized once again after years of underground activities following the imposition of martial law in December 1981. As stated before, Solidarność's first struggle was mainly against Communist monopoly over economic management and it had avoided direct political challenge to Communist Party control. It proposed an economic solution to Poland's economic crisis that would mitigate the rise of consumer prices and workers' discontent. Solidarność, therefore, demanded the formation of independent self-management bodies that would protect workers' interests through the creation of workers' councils in all state enterprises. The Communist Party's domination over political and economic affairs had

¹⁰⁷⁰ *Warsaw POLITYKA*, "Finance Minister Comments on 'Balcerowicz Program.'" FBIS-EEU-90-008. 11 January 1990. P: 65.

¹⁰⁷¹ An interview in Belgian Daily *LIECHO DE LA BOURSE*, reported in *Warsaw PAP*, "Mazowiecki on Economic Reform." FBIS-EEU-90-105. 31 May 1990. P: 48.

¹⁰⁷² *Warsaw PAP*, "Liberal Democratic Congress Elects Chairman." FBIS-EEU-92-037. 25 February 1992. P: 23. In February 22-23, 1992 the Liberal Democratic Congress (KLD) held its third national convention.

triggered economic crisis and political stalemate. In order to avoid another round of crises and strikes, the government decided to negotiate with the opposition. It is important to note that it was not Solidarność that brought about the idea of the ‘roundtable,’ but a combination of internal and international factors, combined with ideational changes of beliefs and ideas of various actors in Poland in the late 1970s and in 1980, which brought the idea of negotiation and compromise to the surface.

In April 1989, after the conclusion of the ‘roundtable’ agreements, Solidarność entered a new phase of political struggle with the Communist Party, a battle over sharing political and economic power and creating new rules for the game. This chapter presents to the reader one of the major factors that precipitated and accelerated Poland’s march towards democracy and capitalism: the political transition that led to the rise of Solidarność to political power, which led, as a result, to the ascendancy of liberals to a powerful position in the first non-communist government in Poland since World War II. In addition, this chapter, like the previous one, uses historical analysis to understand the democratic and capitalist transformation of Poland. Specifically, it will trace the political and economic history of Poland since the June elections of 1989 and construct the events that took place during the first seven years of Poland’s political, social and economic transition. It will conclude by looking briefly at more recent events following the elections of October 2015.

Post-‘roundtable’ agreements

After the conclusion of the ‘roundtable’ agreement, both Solidarność and the government agreed to hold a semi-democratic election for the *Sejm*. Senate seats in the newly formed institution were open to all parties and candidates. Solidarność started to reorganize itself for

the elections and established its own political platform, the Citizens' Committees, as its political wing for the elections. By this time a new law gave Solidarność and other opposition groups access to the national media, T.V and radio to present their political and economic program - a step toward more political liberalization. In addition, Solidarność was allowed to officially start publishing their *GAZETA WYBORCZA* (election gazette) in May 1989, which formed after the conclusion of the 'roundtable' as an organ of Solidarność's Citizens' Committees, which would cover political, socio-economic, and election news in Poland.¹⁰⁷³ In their first publication, *GAZETA WYBORCZA* editorial staff wrote a brief introduction of the purpose of the journal and its intended readers, which reads:

We are a group of several dozen journalists with varied professional backgrounds. In most cases, they also include the press of the second distribution system [underground press]. The newspaper is published as a result of agreements signed at the roundtable....We feel bound to Solidarity but we intend to present the views and opinions of the entire independent community, of various factions of the opposition.¹⁰⁷⁴

Another development in 1989 was the renewed publication of the Solidarność journal, *Tygodnik Solidarność*, after eight years of suspension of its publication following the imposition of martial law in December 1981.¹⁰⁷⁵ In its 38 issues, *Tygodnik Solidarność* published an article by Tadeusz Mazowiecki, who would become the first non-Communist Prime Minister in Poland since World War II, entitled *Poland Before the Battle for Democracy*, in which it stated that "there is now actually a chance to break the Polish deadlock and try to find solutions for the future. The legalization of Solidarność and the

¹⁰⁷³ The government allowed Solidarity to publish its own journal after re-legalization of Solidarność. The first edition cover page had the title "There is no Freedom without Solidarity." Adam Michnik was the editor in chief.

¹⁰⁷⁴ *Warsaw GAZETA WYBORCZA*, "Solidarity Union Daily Publishes First Issues." FBIS-EEU-89-099. 24 May 1989. P: 42.

¹⁰⁷⁵ *Belgrade TANJUG*, "Solidarity Union Weekly Resumes Publication." FBIS-EEU-89-104. 1 June 1989. P: 56. Solidarność weekly '*TYGODNIK SOLIDARNOSC*' had the number 1/38. In December 1981, issue number 37 of Solidarity's weekly newspaper '*TYGODNIK SOLIDARNOSC*' was published.

opposition's participation in the elections represent a major step toward democracy and freedom in Poland with important repercussions for our part of the world... a new chapter has begun. Nevertheless I do not perceive any widespread feeling that a breakthrough has taken place, that the situation has changed in any decisive way.”¹⁰⁷⁶

New realities emerged, after the ‘roundtable’ agreements, for sociopolitical and economic change. This reality increased political and economic uncertainty, in particular with the elections for the *Sejm* and the Senate approaching. It is important to emphasize here that the circumstances that surrounded the agreement of the ‘roundtable’ had changed after Solidarność’s massive victory in the June 1989 elections. It is crucial to reiterate that in 1981, workers’ self-management was conceived as the major demand for Solidarność in the sphere of economic policy for Poland’s state enterprises. Prior to 1980, Poland experimented with the model of self-management but, after a short relief from economic crisis and government relaxation over workers’ councils, the government ended up retaining control over the management of state enterprises. Thus, one can say that the introduction of self-management of state enterprises through workers’ councils - where workers control the management of their enterprises - was used as a tool in the hands of the government to temporarily deflect workers’ dissatisfaction and discontent with the economic crisis. By late 1980, after the legalization of Solidarność, workers councils flourished in most state enterprises after the government and Solidarność reached a compromise in regard to self-management, in which both the government and workers councils decided about the appointment and dismissal of enterprise managers. Workers’ councils were formed in several state enterprises. However, after 13 December 1981, the power of self-management councils was restricted and the

¹⁰⁷⁶ *Stockholm DAGENS NYHETER*, “Solidarity’s Mazowiecki on New Chapter.” FBIS-EEU-89-105. 2 June 1989. P: 48.

number of workers' councils diminished. After the imposition of martial law, Solidarność declared a boycott of self-management councils in many enterprises, for example, in Gdansk Shipyard.¹⁰⁷⁷ Solidarność, however, changed its position over time and resolved to take control of workers' councils, but still the government retained power in the management of the enterprises, particularly the appointment and dismissal of managers.¹⁰⁷⁸ Thus, many Solidarność activists who were advocates for the idea of workers' democracy and self-management shifted towards a market capitalism and called for a radical restructuring of the Polish economy, simulating the model of advanced Western Europe. The changes that took place after the elections of June 1989 were, therefore, driven in part by changes in the belief system of Solidarność members and others who believed that the only alternative to state socialism was a democratic and capitalist market economy system. There had already been changes in the intellectual climate in Poland in the late 1970s and 1980s as discussed in chapter four.

In May 1989, a new wave of strikes hit Poland involving students protesting against a court decision that refused them the right to register their associations.¹⁰⁷⁹ Various opposition parties formed in the same month and started their campaign for the *Sejm* and the Senate June elections. One Party, 'Union for Real Politics (*Unia Polityki Realnej*), explicitly presented itself as a pro-capitalist party (discussed before). In his article entitled *We Are the Party of Reaction*, Janusz Korwin-Mikke, founding member of the Union of Real Politics (URP) and a Senate candidate, stated that their Party was calling "for all of those stand to win the most

¹⁰⁷⁷ *Warsaw GAZETA WYBORCZA*, "Self-Management Forum." FBIS-EEU-89-099. 24 May 1989. P: 51.

¹⁰⁷⁸ Federowicz and Levitas 1995.

¹⁰⁷⁹ *Warsaw Domestic Service*, "Strikes Spread; Demonstrations." FBIS-EEU-89-100. 25 May 1989. P: 31.

under liberal capitalism.”¹⁰⁸⁰ Since the declaration of martial law in December 1981, the pro-capitalist movement grew and flourished in Poland and its existence intensified after political liberalization from 1986 onwards.

Prior to the June 1989 elections, the URP election program clearly announced its rejection of socialism, regarding it as the major problem for Poland, and urged voters to vote for their Party which advocated pro-market capitalism. Their handbill (Box 6.1) disseminated in May in Warsaw just before the election of June in 1989, illustrates this stance.

Box 6.1: *Unia Polityki Realnej* Handbill.¹⁰⁸¹

We do not want socialism, and that's all.
We have had enough of the Reds, but the Rosy, Orange, and Yellow ones, repeating the imbecilities, which the Reds themselves stopped believing long ago, are even worse. The Reds have wised up, 70 years later... Not those others again! New and better socialism? Strikes and class struggle again? Try Madagascar. Try Zimbabwe. After all, in Nicaragua they, perhaps, don't want it anymore...
Do you have the courage to cry in the face of the self-appointed tycoons of left-wing oppositions: LONG LIVE CAPITALISM! Decent, liberal CAPITALISM!
If it is so, join us. Combat social demagoguery. In the forthcoming elections, vote for CAPITALISM!

(Movement of Real Politics- handbill distributed in Warsaw in May 1, 1989).

Solidarność leader, Lech Wałęsa, asserted that Solidarność did not represent any particular political or economic ideology. In this regard, Wałęsa said “Solidarity is not a

¹⁰⁸⁰ *Warsaw GAZETA WYBORCZA*, “Union of Real Politics in Wrocław.” FBIS-EEU-89-099. 24 May 1989. P: 48-49.

¹⁰⁸¹ FBIS translation from Polish. *Warsaw GAZETA WYBORCZA*, “Union of Real Politics Handbill.” FBIS-EEU-89-099. 24 May 1989. P: 49.

movement of the left or the right, but a movement of reforms. A struggle is being conducted for the shape of these reforms and nobody will win in this struggle individually. Neither will it be won by those who shout ‘down with communists’ and then they go home.”¹⁰⁸² After the signature of the ‘roundtable’ agreements on political reform, trade pluralism, and social and economic reform, Solidarność presented its election platform envisioned by the points agreed upon at the ‘roundtable.’

On the other hand, the Party Coalition (the Polish Workers’ Party, the United Peasant’s Party, the Democratic Party, the ‘PAX’ association, the Christian-Social Union, and the Polish Catholic-Social Union) published an election manifesto that asserted the need for political and economic implementation of the ‘roundtable’ agreement. One of the Coalition Manifesto statements read: “deep transformations in socialism fascinate the world opinion. They prove that while protecting the authentic achievements of the working people it is possible to break old patterns and dogmas, to look boldly and widely, to deeply reconstruct reality.”¹⁰⁸³ At this point, both sides, the government-coalition and Solidarność-opposition, spoke the language of institutional reform agreed upon at the ‘roundtable.’

Elections for the *Sejm* and the Senate took place on June 4 and 18, 1989. More than 27,000,000 people were eligible to vote for 460 *Sejm* deputies and 100 Senators.¹⁰⁸⁴ There were 1,745 candidates to the *Sejm* and the Senate.¹⁰⁸⁵ The turnout in the elections was expected to reach 62.11 percent.¹⁰⁸⁶ This was the first semi-democratic election in Poland since World War II. The first round of the election, held on June 4, showed a decisive victory

1082 *Warsaw PAP*, “Walesa Speaks at Pre-election Meeting.” FBIS-EEU-89-102. 30 May 1989. P: 37.

1083 *Warsaw PAP*, “Party Coalition Election Manifesto.” FBIS-EEU-89-102. 30 May 1989. P: 38.

1084 *Warsaw PAP*, “Elections to Sejm, Senate End.” FBIS-EEU-89-106. 5 June 1989. P: 26.

1085 *Ibid.*

1086 *Warsaw PAP*, “Election Turnout Estimated.” FBIS-EEU-89-106. 5 June 1989. P: 26-27.

for Solidarność candidates and a defeat for the government coalition presented in the National List. In the first round of the Senate election, Solidarność candidates swept to victory in this newly established institution, and won 92 out of 100 Senate seats, and 160 seats out of 161 seats it could contest from the 460 seats for the *Sejm*, as agreed upon at the ‘roundtable’ talks of political reform. Lech Wałęsa asserted after the release of the election results for June 4, that Solidarność would remain a trade union and that “Solidarity’s electoral success would ‘accelerate’ economic and political reforms.”¹⁰⁸⁷

In the second round of the *Sejm* and the Senate elections held on June 18, turnout was lower, 25.3 percent compared with 62 percent for the first round of the elections. In the second round of the Senate elections, all but one of the seats won by Solidarność’s candidates. As a result of the two round elections for the *Sejm* and the Senate, Solidarność secured a majority victory and results had showed a massive disavowal of the Party, with Solidarność winning 161 seats for the *Sejm* out of 460 in which it was allowed to compete, and 99 seats out of the 100 seats for the Senate. One seat won by an independent candidate, Henryk Stokłosa, who said that he “belonged neither to the coalition nor to the opposition.”¹⁰⁸⁸ Table 6.1 below shows the distribution of seats after the elections for the Senate and the *Sejm* in June 1989 according to their political affiliation and Table 6.2 shows the distribution of the seats according to profession.¹⁰⁸⁹

¹⁰⁸⁷ *Paris AFP*, “Solidarity Wants Accelerated Reform, Not Power.” FBIS-EEU-89-116. 19 June 1989. P: 56.

¹⁰⁸⁸ *Warsaw PAP*, “Party Spokesman Summarizes Election Results.” FBIS-EEU-89-119. 22 June 1989. P: 49.

¹⁰⁸⁹ To see Poland elections for the *Sejm* and the Senate results, visit Inter-Parliamentary Union website, <http://www.ipu.org/english/home.htm>, see also Roger East, *Revolution in Eastern Europe* (London: Printer Publisher, 1993), 124.

Table 6.1: Parliamentary Election Results, June 4 and 18 1989¹⁰⁹⁰

Party Affiliation	<i>Sejm</i>	<i>Senate</i>
Citizens' Parliamentary Club (OKP)	161	99
Polish United Workers' Party (PZPR)	173	-
United Peasant Party (ZSL)	76	-
Democratic Party (SD)	27	-
Association of Lay Catholics (PAX)	10	-
Social Christian Union (UChS)	8	-
Polish Social Catholic Union (PZKS)	5	-
Independent	1	-
Total	460	100

Table 6.2: Distribution of Results according to profession in June elections 1989¹⁰⁹¹

Profession	<i>Sejm</i>	Senate
Intellectual workers	69	358
Farmers	13	64
Laborers	0	18
Craftsmen	2	6
Retired	13	8
Others	2	6

¹⁰⁹⁰ http://www.ipu.org/parline-e/reports/arc/2255_89.htm

¹⁰⁹¹ Ibid.

No one had expected the results of the June elections. The Party with its coalition still held a powerful majority at the *Sejm*. However, the results of June 1989 elections would change the political and economic situation in Poland for years to come.

An economy on the verge of collapse

A new chapter in Polish history had opened up after the elections of June 1989. However, the ‘roundtable’ agreements were still the topic of discussion and both the government and Solidarność organized several meetings to implement it, especially the economic and social policy reform agreement. On June 17, before the second round of the Senate and the *Sejm* elections, a Team for Economic Affairs and Social Policy was formed by the Government-
Opposition Liaison Commission to assess the implementation of the ‘roundtable’ agreements.¹⁰⁹² Both sides asserted that the economic situation had deteriorated since the signing of the ‘roundtable’ agreements. Władysław Baka, chairman of the government-coalition side, stated that the economic reforms envisioned under the New Economic Order at the Social and Economic Policy reform sub-table, would be implemented as a result of the elections, regardless of the political model and committed to keep the “*pacta sunt servanda*.”¹⁰⁹³ The Solidarność opposition side, which was headed by Włod Trzeciakowski, said that it was “difficult to establish a more precise role for the team;”¹⁰⁹⁴ in the current situation, and agreed with Baka for the need to proceed with economic reform. The Team was supposed to meet again in June after the elections, but decided to wait for the results of the *Sejm* and the Senate elections and for the formation of the new government before proceeding

¹⁰⁹² *Warsaw TRYBUNA LUDU*, “Government-Opposition Liaison Meets.” FBIS-EEU-98-119. 22 June 1989. P: 55.

¹⁰⁹³ *Ibid.*

¹⁰⁹⁴ *Ibid.*

with the implementation of the ‘roundtable.’ Notably, both sides decided to abide by the ‘roundtable’ agreements but, as stated before, political transition had ‘accelerated’ the process of political and economic institutional change.

The economic crisis in Poland was deteriorating month after month, particularly after an increase in consumer prices. Both sides agreed on the need to hasten the process of the marketization of the food industry to solve the problem of shortages, which was a chronic character of the Polish economy. The causes of economic deterioration in 1989 were numerated as the following, 1) “the shrinking pool of home-produced raw commodities and materials, coupled with the continuing low level of imports of basic commodities;”¹⁰⁹⁵ and 2) the purchasing power of the zloty decreased and caused what is called ‘stagflation’ which means “price inflation accompanied by an ever increasing lack of goods.”¹⁰⁹⁶ Price hikes since the conclusion of the ‘roundtable’ agreements increased social tension and workers’ indignation. *Solidarność*, thus, urged the government to freeze prices until the formation of the new government in order to avoid social unrest.¹⁰⁹⁷ Wladyslaw Baka, Politburo member and former president of Poland National Bank, asserted that the economic situation was very bad and that priority had to be given to privatization. According to Baka, “we support transformations in property relations. However, we believe that this must take place on principles defined by the *Sejm*, by the parliament, in directions and within the framework established by parliament, because only this sovereign authority is empowered to decide what type, what sort, what form of privatization lies in the interests of the Polish population.”¹⁰⁹⁸ In

¹⁰⁹⁵ *Warsaw TRYBUNA LUDU*, “Commentary Views Negative Feature in Economy.” FBIS-EEU-89-121. 26 June 1989. P: 72.

¹⁰⁹⁶ *Ibid.*

¹⁰⁹⁷ *Paris AFP*, “Solidarity Warns Price Hikes Increase Tension.” FBIS-EEU-89-122. 27 June 1989. P: 49.

¹⁰⁹⁸ *Warsaw Television Service*, “Baka Interviewed on Economic Situation.” FBIS-EEU-89-123. 28 June 1989. P: 45.

addition, Baka stated that “privatization should take place in an open manner.”¹⁰⁹⁹ The problem of consumer goods shortages increased and shops were empty of basic goods. Increases in incomes and wages did not change the purchasing power of the zloty because inflation escalated month after month. Added to that, the production of consumer goods was not linked with the level of consumption. Thus, the Council of Ministers published a statement describing the economic situation and asserted that the government urgently needed to implement the New Economic Order agreement agreed upon at the ‘roundtable,’ including the creation of new commercial banks; issuing hard currency laws; rationing of food, car allocations, gas coupons, and other nonmarket methods of distributions had to be abolished.¹¹⁰⁰ Decreasing state subsidies, as part of government austerity program, were envisioned in the ‘second stage’ and ‘consolidation’ plan and was published as part of the New Economic Order. However, as previously stated, inflation was a serious problem that created a vicious cycle in the Polish economy which needed immediate and radical restructuring, but with society’s support. Right after the elections, the Council of Ministers adopted an economic program draft for the years from 1989 to 1992, with help from international institutions, the IMF and the World Bank, consisting of the following provisions:¹¹⁰¹

- 1) “The preeminence of activities connected with internal equilibrium of the economy;”¹¹⁰²
- 2) “Attaining a balance in current transactions in the Second Payment Zone [hard currency] by 1992;”¹¹⁰³ Through:

¹⁰⁹⁹ Ibid.

¹¹⁰⁰ *Warsaw Television Service*, “Public Statement Issued on Wages, Price Freeze.” FBIS-EEU-89-126. 3 July 1989. P: 74.

¹¹⁰¹ Ibid., 74-75.

¹¹⁰² Ibid., 74.

- I. Obtaining credits from the IMF.
 - II. Start implementing World Bank program of structural adjustment.
 - III. Rescheduling debt repayment concessions with the Paris Club.
 - IV. “Establishing more advantageous terms for servicing debts owed to commercial banks.”¹¹⁰⁴
- 3) Reducing government budget deficit by reducing government subsidies;
 - 4) “Rapidly liberalizing the principles behind the functioning of the economy and expanding the use of market mechanisms;”¹¹⁰⁵
 - 5) “Expanding the number of joint-stock enterprises, selling a portion of the state assets and expanding the opportunities for foreign capital in Poland;”¹¹⁰⁶
 - 6) “Creating a capital market and a labor market.”¹¹⁰⁷

All these decisions adopted by the Council of Ministers awaited the approval of the new government to solve and decide about the budget deficit and rising economic imbalances. In addition, the government decided to activate Article 13 of the Act on Prices and froze prices and wages for one month starting from July 1.¹¹⁰⁸ Workers’ strikes demanding pay rise increased due to the hikes in consumer prices. In Poznań, Municipal Transport Enterprise

¹¹⁰³ Ibid.

¹¹⁰⁴ *Warsaw TRYBUNA LUDU*, “30 Jun Council of Ministers Session Reported.” FBIS-EEU-89-128. 6 July 1989. P: 59.

¹¹⁰⁵ *Warsaw Television Service*, “Public Statement Issued on Wages, Price Freeze.” FBIS-EEU-89-126. 3 July 1989. P: 74.

¹¹⁰⁶ Ibid.

¹¹⁰⁷ Ibid.

¹¹⁰⁸ Ibid.

workers went on strikes for pay rises.¹¹⁰⁹ Strikes were held in Gdansk by telephonists and telegraphists, also demanding pay rises.¹¹¹⁰ In other parts of Poland, workers in different state sector enterprises went on strike over wages and the price of basic goods.

OPZZ had also expressed its concern about the economic situation and the government's decision to freeze prices and wages.¹¹¹¹ The situation in the food market was deteriorating, with a drop in industrial production, increasing difficulties in the consumer market and demands to accelerate the marketization of the food industry.¹¹¹² The situation was described in a communiqué issued after a joint session between the Presidium of the Central Committee of the United Peasant Party and the Presidium of the Board of the National Union of Farmers:

We demand the introduction as of July 1 of this year of market mechanism into food economy together with increasing the minimal, guaranteed procurement prices securing the parity of incomes. We are of the opinion the introduction of market mechanisms should be linked with cushioning measures to protect society.

We firmly back the full implementation of the 'roundtable' arrangements. We state with concern that the high price hikes for the means of production for agriculture introduced recently were not negotiated with trade unions.¹¹¹³

The principles of pro-market orientation were agreed upon during the 'roundtable' talks, but the Rakowski government's plan to introduce a market mechanism into the food industry failed because of the government's lack of determination and consistency: "introduction of free market mechanisms could have been carried out at the beginning of this year when the procurement of livestock was still at a high level and there existed necessary reserves securing

¹¹⁰⁹ *Warsaw Domestic Service*, "Transport Workers Strike, Demand Pay Raise." FBIS-EEU-89-126. 3 July 1989. P: 76.

¹¹¹⁰ *Szczecin Domestic Service*, "Gdansk Telephonists Strike Over Pay Demands." FBIS-EEU-89-126. 3 July 1989. P: 76.

¹¹¹¹ *Warsaw PAP*, "OPZZ Statement Views Wage, Price Freeze." FBIS-EEU-89-126. 3 July 1989. P: 75.

¹¹¹² *Warsaw PAP*, "Farming Groups Condemn Food Market Situation." FBIS-EEU-89-126. 3 July 1989. P: 75.

¹¹¹³ *Ibid.*

the entire operation. The vicious circle has to be broken,”¹¹¹⁴ said Minister Kazimierz Olesiak, Vice-Premier, Minister of Agriculture, Forestry and Food Economy.

New legal status for the Church

It is important to note that a contributing factor in the social and political transformation of Poland after the conclusion of the ‘roundtable’ agreements was that the government introduced new laws that heralded an improvement in the relationship between the government and the Church. In this regard, the government and the Catholic Church signed an agreement that gave the Church an opportunity to air its programs on religious, cultural and moral issues on national T.V and radio. As discussed in previous chapters, the Church in Poland played an important role in Polish society. During the crisis, the Church always presented itself as a mediator. During the ‘roundtable’ talks also, it was involved as a witness and moderator between the government and the opposition. It is worth repeating here that *Solidarność*’s political, moral and economic ideas and discourse stemmed from the teachings of the Catholic Church.

In May, the *Sejm* passed several bills aimed at granting the Catholic Church legal status. Among these bills proposed an act to regulate relations between the Church and the States. The Catholic Church played an important role during the partition time, but ceased legally to exist with the consolidation of the Communist Party after World War II. Even without legal status in Polish Law, the Church continued to function and play an important role at times of crisis and stayed an independent institution. The new act that was passed to

¹¹¹⁴ *Warsaw PAP*, “Minister Olesiak Queried on Economic Mechanism.” FBIS-EEU-89-129. 7 July 1989. P: 64.

regulate relations between the Church and the State was composed of four chapters.¹¹¹⁵ The first chapter heading was “The Catholic Church in the Polish People’s Republic.”¹¹¹⁶ The first section of this chapter reads in part: “the Catholic Church in the Polish People’s Republic acts within the constitutional system.”¹¹¹⁷ Section two was concerned with the independence of the Church: “the Church, governs itself by its own laws, freely exercising its spiritual and jurisdictional powers, and administers its own matters.”¹¹¹⁸ The second chapter, which was the largest one, consisted of matters defining the activities of the Catholic Church, and dealt with issues related to public worship, religious teachings and education, military chaplaincy and military service of the clergy. In addition, there were regulations about Catholic organizations and associations, Church charitable works, and Church sacred buildings, and mandatory military service for students of church seminaries was abolished.¹¹¹⁹ The third chapter was concerned with Church property and contained detailed provisions regarding Church property rights and its right to broadcast its religious services.¹¹²⁰ The fourth and last chapter was concerned with Church and state property matters that had not been settled before. The Church still plays an important role in Polish politics today.

The First Session of the *Sejm* and the Senate

Deputies and Senators of the Solidarność Citizens' Committee met in two sessions to discuss their new role after the elections. Participants at the meeting appointed Bronisław Geremek as Citizens' floor group chairman, and four deputy chairmen, Jacek Kuroń, Jan

¹¹¹⁵ *Krakow TYGODNIK POWSZECHNY*, “Church’s Legal Position Viewed.” FBIS-EEU-89-132. 12 July 1989. P: 39.

¹¹¹⁶ *Ibid.*

¹¹¹⁷ *Ibid.*

¹¹¹⁸ *Ibid.*

¹¹¹⁹ *Ibid.*, 40.

¹¹²⁰ *Ibid.*

Maria Rokita, Gabriel Janowski and Janusz Ziolkowski, while Henryk Wujec and Andrzej Celinski, were appointed as floor group secretaries.¹¹²¹ On 4 July, Deputies and Senators elected in June elections took their seats in the *Sejm* and the Senate. One of the primary goals for the government and Solidarność was the formation of a new ‘technocratic’ government and the direction of the economic reform plan. Important to note that, 422 deputies in the *Sejm* had no previous experience, 5 deputies had served in the Seventh *Sejm*, 6 in the Eighth *Sejm*, and 32 in the Ninth *Sejm*.¹¹²²

The first issue that concerned the National Assembly (*Sejm* and the Senate) was the position of the President and who is capable to be in this position in this sensitive timing. Adam Michnik’s famous article, *Your President, Our Premier*, suggested that the President’s office be occupied by a Communist and that the Prime Minister should be from Solidarność. His suggestion was realized when General Wojciech Jaruzelski was elected President and Tadeusz Mazowiecki became the first non-Communist Prime Minister. The elections of June had created a political opportunity for Solidarność to play a new role in Poland by accelerating the process of democratization. As the literature on social movements reminds us, social movements emerged due to several factors, including deprivation of economic and political rights and the role of leadership. Lech Wałęsa played a decisive role since his activities in late 1970s and as head of Solidarność throughout the 1980s and later as President of a democratic Poland.

By now Solidarność had assumed three roles: as a trade union, a social movement and as a new political group. Solidarność’s emergence was a turning point in Polish democratization,

¹¹²¹ *Warsaw PAP*, “Citizens’ Parliamentary Floor Group Ends Debate.” FBIS-EEU-89-126. 3 July 1989. P: 73.

¹¹²² *Warsaw TRYBUNA LUDU*, “Data on Deputies, Senators.” FBIS-EEU-89-129. 7 July 1989. P: 61.

which led eventually to the ‘roundtable’ talks and then to the collapse of state socialism in Poland in 1989. Agreements reached at conclusion of the ‘roundtable’ were aimed at reforming the political system in which the opposition would be allowed to compete for 35 percent of seats in the *Sejm* in a semi-democratic election and for all the seats in the newly re-established Senate. The ‘roundtable’ “tried to reform the country and we ended with a completely new situation: a free market economy,”¹¹²³ said Hanna Suchocka, Prime Minister of Poland from 1992 to 1993. Poland and Hungary, as mentioned before, were the most open countries in East Central Europe. According to Carmen González-Enríquez, both Poland and Hungary are distinguished from the other Eastern European countries:

The pioneering nature of Polish and Hungarian politics and their transitions was possible because as early as the socialist period, at least from the mid-50s onwards in Poland and the early 60s in Hungary, both regimes showed they were different from the rest. They were more liberal in outlook and the relationship between the socialist-communist parties and their societies was much more inclusive, more open to bargaining, agreement and dispute resolution, whereas the other communist parties in that area of Europe either faithfully toed the Moscow line or were reworking their own identity through nationalism.¹¹²⁴

Poland had private agricultural farmers since 1956. The government had failed to collectivize the agriculture sector and the sector remained in private hands. In addition, it had small independent family businesses and a black market, which was thriving prior to 1989. After June elections, a new situation emerged with Solidarność’s massive success that led to radical economic and political changes in Poland, as will be shown in this chapter.

¹¹²³ Hanna Suchocka, “The Polish Transition.” Summary of Hanna Suchocka talks at the Seminar on Democratic Transition and Consolidation 2001-2002. *Fundación para las Relaciones Internacionales y el Diálogo Exterior* (FRIDE). (March 5th, 2002): 18. http://fride.org/descarga/CR_polonia_ing_mar02.pdf

¹¹²⁴ Carmen González-Enríquez, “The Peculiar Traits of the Polish Transition.” Seminar on Democratic Transition and Consolidation 2001-2002. In *Fundación para las Relaciones Internacionales y el Diálogo Exterior* (FRIDE). (March 5th, 2002): 21. http://fride.org/descarga/CR_polonia_ing_mar02.pdf

International engagement in Poland after June elections

After the elections and the massive victory of Solidarność, the United States and Western European countries offered their financial and logistical aid to Poland. International financial advisors traveled to Poland to offer their economic recommendations to the government and to Solidarność leaders. Lech Wałęsa stated that “most Western politicians tell me: Watch out, you are going too fast, that is not the way, you cannot have everything. There are also Western economists who have indeed said that they will only give us aid if we take over the government. I think we must proceed a little more slowly, a little more wisely, more in unison, more honestly, and more democratically.”¹¹²⁵

It is very clear that Western countries were concerned about political reform and democratic transition in Poland. Their role was under the category of financial assistance and logistical assistance, which accelerated when Solidarność became the major actor in the new political reality. Solidarność, in the opinion of Western powers, was able to initiate radical reforms because it was backed by the society. When asked “do you think we are able to survive this economic situation without major help from the West?”¹¹²⁶ Wałęsa answered “we will survive. Look at what is happening. How much talk is there of the economy? Nothing but politics. Politics is important. Politics has gotten us where we are today. But now we already possess political possibilities, and the point is to prevent the economic situation from running them.”¹¹²⁷

International factors were favorable for Poland and other Eastern European countries. Changes in the Soviet Union had a great influence on the satellite states. It was Gorbachev’s

¹¹²⁵ *Warsaw GAZETA WYBORCZA*, “Walesa Interviewed on Western Economic Aid.” FBIS-EEU-89-126, 3 July 1989. P: 73.

¹¹²⁶ *Ibid.*, 74.

¹¹²⁷ *Ibid.*

idea to abandon Brezhnev's doctrine of limited sovereignty, giving the Polish opposition a clear signal that Soviet Union would no longer intervene in the internal affairs of Poland. Gorbachev himself endorsed Poland's 'roundtable.' It gave a window of opportunity for both the government and the opposition to start a new chapter of state-society relations and gave the Polish government the go-ahead to initiate its own *perestroika*, as discussed before.

On July 9, President George Bush visited Poland after his election, and showed his support for Poland's political and economic transformation. During this visit, which aimed at full normalization of Polish-American relations, the Polish government, headed by General Jaruzelski, and the President of the United States agreed to start political consultations and inter-parliamentary cooperation; resume scientific and technological cooperation following the implementation of the Polish-American agreement in 1987; start culture and information centers to be established in both countries, and start economic and environmental assistance.¹¹²⁸ President Bush asserted to the Polish National Assembly (the *Sejm* and the Senate), that the United States would help Poland with its foreign debt and it would also give: 1) "coordinated assistance for Poland on the part of the seven most industrialized Western countries;"¹¹²⁹ 2) "assignment by the American Congress of 100 million dollars for development of the private sector in Poland;"¹¹³⁰ 3) "assignment of 325 million dollar credits from the World Bank for development of Polish agriculture and industry;"¹¹³¹ 4) "rescheduling of a part of the Polish debt by the Paris Club of creditors."¹¹³² The United States stressed the important role played by Poland in the stabilization of the whole Europe:

28. ¹¹²⁸ *Warsaw PAP*, "PAP Transmits Communiqué on Visit." FBIS-EEU-89-132. 12 July 1989. P:

¹¹²⁹ *Ibid.*

¹¹³⁰ *Ibid.*

¹¹³¹ *Ibid.*

¹¹³² *Ibid.*

“what is good for Poland is good for the peace of Europe and the World,”¹¹³³ said President Bush in July 10, 1989.

Before the formation of the new government, Poland received several proposals that could help its economy and help with its foreign debt burden, as discussed in chapter five. The proposal presented by President Bush guaranteed help to Poland in its efforts towards stabilization of its economy.¹¹³⁴ The IMF and the World Bank, which were concerned about Polish economic inflation, would approve Poland’s adjustment programs if it succeeded in curbing inflation, liberalizing prices (which was started since February 1988), and privatization (which also started in 1988 in a slower pace), and cuts in subsidies which was also underway since the development of the ‘second stage’ and ‘consolidation plan’ economic reform plans.

The economic situation continued to deteriorate and reached the verge of hyperinflation. A group of members from the “economic action” which was “a plane of agreement between association and milieus acting in favor of ownership transformation in the economy and a free market,”¹¹³⁵ therefore, met and discussed the situation of Poland’s economy with Wojciech Jaruzelski on July 11, and issued the following statement in regard to their vision of economic reform for Poland:

The economic revival of the country is not possible within the framework of the hitherto economic system. What is needed are systemic changes reaching much further and deeper than all the steps of the so-called reform taken to-date. *A change of ownership relations, with special attention attached to the development of the private sector and cooperation with foreign capital, is the paramount matter.* The program of restructuring the ownership structure meet the ownership structure should meet the following criteria:

¹¹³³ *Warsaw TRYBUNA LUDU*, “Visit Brings Political Capital.” FBIS-EEU-89-133. 13 July 1989. P: 42.

¹¹³⁴ *Warsaw PAP*, “Official Views U.S Surveyed.” FBIS-EEU-89-133. 13 July 1989. P: 41.

¹¹³⁵ *Warsaw PAP*, “Jaruzelski Meets with Economic Action Group.” FBIS-EEU-89-132. 12 July 1989. P: 37.

Just access for all units to assets undergoing privatization, a market and not discretionary mechanism of its redistribution, using the sale of a part of state assets to private owners as an anti-inflationary instrument...

The announced program of radical changes should be backed by the announced foreign assistance. In line with the intention of the Western partners and cost-and-effect, it should be above all directed at crediting the private sector, ensuring fast growth of market and export production...¹¹³⁶(Italics added)

In addition, the “economic action” group asserted that the new government:

Should without delay present a program of saving the polish economy. Such a program can be presented only by a government free of political and ideological biases. Agreeing on the necessary immediate moves and systemic changes with the chief social forces will be a conditions of social trust and effectiveness of action. In the framework of such a program, parliament should grant the government considerable freedom of action.¹¹³⁷

Calls for immediate and radical economic reforms were widespread from all groups of society. The Polish economy entered a vicious cycle of inflation, the seeds of which had been sown over years of failed economic reform plans and Communist Party domination of the political and economic sectors. The Party itself, as well as Solidarność and other opposition groups, realized the need for urgent action to save the economy from collapse. The statement by the “economic action” group also asked that the new government, that would soon be formed, be granted ‘special powers’ to be free from restriction in implementing their vision of a radical economic program. Shortages in consumer goods such as sugar, buckwheat, salt, flour, etc., and their disappearance from store shelves, hastened the need to elect the President and form a new government.¹¹³⁸ The government also urged the international community to help with Poland’s economic crisis. A letter delivered by General Wojciech Jaruzelski to the Paris Summit on July 13, which was supposed to decide on an economic package for Poland’s

¹¹³⁶ *Warsaw PAP*, “Economic Action Group Issues Statement.” FBIS-EEU-89-133. 13 July 1989. P: 51.

¹¹³⁷ *Ibid.*

¹¹³⁸ *Szczecin Domestic Service*, “Szczecin Reports Dry Goods Shortages.” FBIS-EEU-89-133. 13 July 1989.P: 51.

economic crisis, stated that: “there is a real threat of deepening of the economic crisis with all its consequences. We are trying to overcome this crisis precisely by radical reforms of the state structures and the economic system.”¹¹³⁹ Poland expected from the IMF and the World Bank enough credits so that it could stabilize its economy, restore its creditworthiness and adopt a market mechanism in the food industry. Negotiations were underway between Polish government representatives and international financial institutions to lift Poland up from the hole of hyperinflation that had been looming since the beginning of the year.

Deputy Minister of Finance, Janusz Sawicki, held talks with representatives of the IMF and the World Bank to discuss the Council of Ministers draft economic program for 1989-92, mentioned earlier, which was supposed to be the basis for the Poland-IMF structural adjustment program.¹¹⁴⁰ This draft program was supposed to begin when it get approval from the National Assembly (the *Sejm* and the Senate).¹¹⁴¹ The economic program draft was discussed with international experts who presented their recommendations to the government and offered their support directly after the elections.

Looking at statements made by Janusz Sawicki, Deputy Finance Minister, in his interview with PAP, it was clear that the government was ready to embark on stabilization, liberalization, and privatization measures that would later form the basis of the ‘Balcerowicz Plan.’ The pace of economic restructuring that took place after the formation of the new government and the adoption of a free-market economy was a ‘natural’ development that took years to form within Poland and was transformed into an action plan when internal and international circumstances became favorable to its implementation. Janusz Sawicki, in this

¹¹³⁹ *Belgrade TANJUG*, “Jaruzelski Letter to Paris Summit, EC Published.” FBIS-EEU-89-134. 14 July 1989. P: 28.

¹¹⁴⁰ *Warsaw RZECZPOSPOLITA*, “Finance Official on Draft Economic Measures.” FBIS-EEU-89-134. 14 July 1989. P: 33.

¹¹⁴¹ *Ibid.*

regard, said: “the IMF want to know to what extent, in practice, we will be able to implement a program which has been agreed with the international organizations, and what the reaction of Polish society is likely to be to this program. According to the financial organizations, experience to date has not been very encouraging.”¹¹⁴²

Different economic proposals had been suggested to solve the deteriorating economic situation, not only from the government side, but also from Solidarność and from outside the country. The severe economic crisis led Wiltold Trzeciakowski, famous economist and Solidarność advisor, to propose the “**Trzeciakowski Plan.**” The Trzeciakowski plan, which is, interestingly, not discussed much in the literature of economic transition - maybe due to the lack of information about it in English - was based on a “step-by-step reduction of the *nomenklatura* and the central government.”¹¹⁴³ Trzeciakowski argued that Poland was one of the most highly indebted countries in the world, and therefore, conditions were permissible for it for “repayment and rescheduling.”¹¹⁴⁴ The first premise of the ‘Trzeciakowski Plan’ included a program of structural adjustment “within the framework of the IMF to attain economic stability for Poland.”¹¹⁴⁵

The Soros Plan, was another economic plan, proposed by famous American businessman. Soros’ proposal was “to create a consortium of Western capital which would take over the entire Polish debt at market prices, that is for one third of its nominal value.”¹¹⁴⁶

¹¹⁴² Ibid.

¹¹⁴³ *Munich SUEDEDEUTSCHE ZEITUNG*, “Solidarity Expert Links Coalition to Foreign Aid.” FBIS-EEU-89-135. 17 July 1989. P: 37.

¹¹⁴⁴ Ibid.

¹¹⁴⁵ Ibid.

¹¹⁴⁶ *Warsaw PAP*, “Geremek Surveys West’s Attitude to Poland.” FBIS-EEU-89-136. 18 July 1989. P: 23.

The consortium, as the plan envisioned, would take over workplaces and liquidate inefficient enterprises. Solidarność did not consider this plan, as stated by Bronisław Geremek.¹¹⁴⁷

Poland engaged in intense negotiations with Western countries to reschedule its foreign debts and to secure more credits. The Paris Club had already agreed to grant Poland new credits. All agreements depended on decisions made by the new government. The National Assembly was to convene in July 19 to elect Poland's President.

Old Leadership with New Reality

As agreed upon at the 'roundtable,' the National Assembly, the *Sejm* and the Senate would elect the President for the new government. Heated debates about the position of the President increased after the elections of June which gave a massive victory to Solidarność and defeat for Communist Party and its allied parties. Names were suggested for the position of President and for the Premiership. General Jaruzelski had first announced his withdrawal as a candidate for the office of President but, after several demands from the Army, the Polish Workers Party, he became the only candidate to stand for the office of the state President which would be elected by the National Assembly in July 19. Several members of the ZSL (the United Peasant Party) supported the candidacy of Jaruzelski because of his political experience.¹¹⁴⁸ On the other hand, Wladyslaw Baka's candidacy for the Premiership was circulating prior to the meeting of the National Assembly to elect the President. Solidarność supported Baka's candidacy for the position of Premiership. Wiltold Trzeciakowski, an economist and Solidarność advisor, said in this regard that "in the past decade," "he [Baka] was the author of bold reformatory concepts... he can be convinced by arguments and is

¹¹⁴⁷ Ibid.

¹¹⁴⁸ *Warsaw PAP*, "UPP Plenum Supports Jaruzelski." FBIS-EEU-89-135. 17 July 1989. P: 33-34.

capable of compromise solutions. This is certainly a man with some scientific background and great practical experience.”¹¹⁴⁹ Uncertainty about the composition of the new government led to increasing speculation.

Adam Michnik, as mentioned before, proposed the idea that the President of Poland should be from the Communist Party and the Premiership should be selected from Solidarność. His article was a breakthrough statement that changed the political landscape in Poland history. In his article entitled, *Your President Our Premier*, published in *GAZETA WYBORCZA* (Election Gazette) on July 3, Michnik wrote:

Poland now needs a strong and credible system of power. No façade changes will be enough: the replacement of one person with another from among candidates for president or premier... there is a need for a new system that can be accepted by all main political forces. It should be new but it ought to guarantee continuation. And agreement under which a PUPW [Polish United Worker Party] candidate will be elected president and the premier's portfolio and the mission of forming a new government will be entrusted to a Solidarity candidate can be such a system.¹¹⁵⁰

Supporters and opponents voiced different reactions to Michnik's proposal. On July 18, the Citizens' Parliamentary Floor Group held a meeting in regard to the candidacy for the Presidency. In this meeting, Solidarność argued for the election of the President through an

¹¹⁴⁹ *Warsaw PAP*, “Opposition Daily on Baka Candidacy as Possible Premier.” FBIS-EEU-89-135. 17 July 1989. P: 35.

¹¹⁵⁰ *Warsaw PAP*, “Citizens' Chief on Michnik's Personal Voice.” FBIS-EEU-89-135. 17 July 1989. P: 35. Reactions to Michnik article, which proposed the position for Presidency to be held by the PZPR and the office of Premiership to be held by Solidarność candidate, showed both approval and refusal to the idea. For example, Janusz Onyszkiewicz (Citizens' Parliamentary Floor Group) said “I think the concept is bad. All arguments that were voiced against such solution are still valid. The time for such moves has not come yet, although, possibly, it is the matter of several months.” While Slawomir Wiatr (PZPR) “I approach it as Adam Michnik's personal proposal. As far as I know, the Citizens' Parliamentary Floor Group has not voiced such a conception. I could propose many similar ones too.” From the Democratic Party, Jan Janowski said “I find the proposal very interesting and think that the coalition side should consider it as the concept goes far in the direction of the postulated co-responsibility of the opposition not only for the state for the government as well.” Lastly, Jacek Kuroń (Citizens' Parliamentary Floor Group) said “Solidarity government is possible only if a large part of the coalition comes to the conclusion that it lies in its interest. That is the logic of the round table settlements that not be broken.” *Warsaw PAP*, “Paper Cites Reactions to Michnik.” FBIS-EEU-89-135. 17 July 1989. P: 36.

open ballot for all. Solidarność, during this time, was still a unified movement against the Communist Party and still embraced different ideological orientations under its umbrella. However, divisions within Solidarność started to emerge afterwards.

The table below shows the opinions of the heads of the Parliamentary Floor Groups, (PZPR, OKP- Solidarność, SD, ZSL, PAX, UChS, PZKS) about the election of General Wojciech Jaruzelski to the position Presidency. General Jaruzelski was the only candidate running for the position, and no other names were put forward. One major reason for the election of Jaruzelski was his political experience, even though he was the one who declared martial law in December 1981. In addition, due to Poland's membership of the Warsaw Pact and its relation with the Soviet Union, General Jaruzelski would ensure the stability of Poland's foreign relations during this transitory period characterized by political uncertainty, as many argued.

Table 6.3: Heads of Parliamentary Floor and their opinion about Wojciech Jaruzelski candidacy as President.¹¹⁵¹

Party Head of Parliamentary Floor	Statement about the candidacy of Jaruzelski
Polish United Workers Party (PZPR) Marian Orzechowski	"He [Jaruzelski] is an ardent proponent of democratic socialism filled with humanism- and thus these values which being deeply anchored in the public awareness can and should provide the broadcast plane for cementing political trends in the great work of national reconciliation." ¹¹⁵²
Citizens' Parliamentary Club (OKP) Bronisław Geremek	"We assume as ours the stand expressed by Lech Wałęsa in his statement of July 14 saying that the internal and international situation of Poland imposes the fact that the president can only be elected from among the ruling

¹¹⁵¹ *Warsaw PAP*, "Official Speak at Election." FBIS-EEU-89-138. 20 July 1989. P: 36-37. To see full statement, return to the same translated FBIS report.

¹¹⁵² *Ibid.*, 36.

	<p>coalition. I think that the coalition has the sense of responsibility placed on it. Only one candidature had been out forth, that is the candidature of General Jaruzelski submitted by PUWP...</p> <p>we express out hope that the future president will act for the implementation of promises of democratization. On this dependent is Poland's chance to return to Europe, the reconstruction of the independent and sovereign country, halting the process of disintegration of Polish economy."¹¹⁵³</p>
<p>United Peasant Party (ZSL) Aleksander Bentkowski</p>	<p>"our caucus does not fully support the election of General Jaruzelski as the president of the Polish People's Republic, because not all of the ZSL[UPP in the original text] members are convinced that the successive government named on the initiative of the president will not take another attempt to lead Poland out of the crisis at the expense of the peasant."¹¹⁵⁴</p>
<p>Democratic Party (SD) Jan Janowski</p>	<p>"The socio-economic situation of society increases the critical attitude of the Democratic Party to the past, and such criticism affects politicians who took part in experiencing power in the past years. This makes it difficult to find candidate who would safeguard interests of the state and at the same time enjoy the confidence of the major part of society. Members of our floor group made reservation of this character as to the candidacy of Wojciech Jaruzelski, focusing chiefly on the generals' work in the Political Bureau and government in the years 1968-1980 and on his co-responsibility for that period, and not as much on the very decision of introducing the martial law, as on the resulting repression and wasting the chance for resolute reforming of Poland's economy in those years."¹¹⁵⁵</p>
<p>PAX (Association of Lay Catholics) Jozef Wojcik</p>	<p>"We confirm the stance of the PAX floor group which has been already expressed in public and supports Wojciech Jaruzelski's candidacy for the highest post."¹¹⁵⁶</p>

¹¹⁵³ Ibid.

¹¹⁵⁴ Ibid.

¹¹⁵⁵ Ibid., 36-37.

¹¹⁵⁶ Ibid., 37.

Social Christian Union (UChS) Tadeusz Nowacki	“No one among those acting in public in this country did avoid errors. General Wojciech Jaruzelski as well. Yet, he managed to draw conclusion.. we take account of all reasons. Including the reason of state which also means care for a strong, efficient and secure state, as well as the substantial reasons which at this moment are speaking for the election of General Wojciech Jaruzelski.” ¹¹⁵⁷
Polish Social Catholic Union (PZKS) Ryszard Gajewski	“The presidency should go to a person forwarded by the coalition. The Polish Catholic Social Union floor group shares this opinion and expresses hope that by his standing above party disputes and current political arrangements the president will be a keystone of the national agreement and unity, will be the president of the whole nation, including those Poles who will vote against Gen. Jaruzelski and will be a president of all the Poles in the country and abroad.” ¹¹⁵⁸

On July 19, after hours of debates between members of the Senate and the *Sejm*, the National Assembly elected General Wojciech Jaruzelski the President of the Polish People’s Republic.¹¹⁵⁹ General Jaruzelski was elected by 270 votes for, 233 votes against, and with 34 abstentions.¹¹⁶⁰ Solidarność, right after the election of General Jaruzleski, showed its complete support for him and assured its acceptance and cooperation with him. Solidarność’s *Sejm* Deputies and Senators made a declaration comprised of their political reform agendas to be implemented by the new government. Among the envisioned reform points were: the immediate release of political prisoners; abolishing all restriction on mass media and freedom of expression; and allowing freedom of assembly.¹¹⁶¹ The general atmosphere showed that the

¹¹⁵⁷ Ibid.

¹¹⁵⁸ Ibid.

¹¹⁵⁹ *Warsaw PAP*, “National Assembly Elects Jaruzelski as President.” FBIS-EEU-89-138. 20 July 1989. P: 34.

¹¹⁶⁰ Ibid.

¹¹⁶¹ *Warsaw GAZETA WYBORCZA*, “Solidarity Support for Appeal.” FBIS-EEU-89-144. 28 July 1989. P: 30.

new government would be a coalition one from different political parties and would include Solidarność members.

The majority of Solidarność members voted against Jaruzelski, and others invalidated their votes. Solidarność Senator, Bronisław Geremek, stated that the election of General Jaruzelski was a result of the “political logic of the situation.”¹¹⁶² For him, both the Communist Party and the Army held the real political power in Poland, and there was a need for change through peaceful means to transition from authoritarian rule to a democratic one. During that time, no one had expected that Solidarność would be given the position of the Premiership because the Communist Party held the majority of seats with its allied parties at the National Assembly. As stated by Deputy Janusz Onyszkiewicz, “the Solidarity and related opposition circles resolved to cooperate with the newly elected president in order to transform Polish political, social and economic reality by way of evolution.”¹¹⁶³ The table below shows the number and party affiliation of members who voted in National Assembly for the election of General Jaruzelski, published in *GAZETA WYBORCZA*, entitled *Who Elected the Polish President*.¹¹⁶⁴

Table 6.4: Breakdown of Votes in National Assembly Presidential Election on July 19, 1989.¹¹⁶⁵

Party Affiliation	Y	N	A	INV	AB
OKP	1	222	18	7	11
PZPR	171	1	-	-	1

¹¹⁶² *Barcelona LA VANGUARDIA*, translated from Spanish language by FBIS, “Spanish Daily Interviews Solidarity’s Geremek.” FBIS-EEU-89-137. 19 July 1989. P: 44.

¹¹⁶³ *Warsaw PAP*, “Onyszkiewicz Reads Walesa Statement.” FBIS-EEU-89-138. 20 July 1989. P: 35.

¹¹⁶⁴ *Warsaw PAP*, “Paper Gives Breakdown of Results.” FBIS-EEU-89-139. 21 July 1989. P: 22.

¹¹⁶⁵ *Ibid.* Y (yes), N (against), A (abstention), INV (invalid vote), AB (absent or refused to vote).

ZSL	54	6	13	-	3
SD	20	4	3	-	-
PAX	10	-	-	-	-
UChS	8	-	-	-	-
PZKS	5	-	-	-	-
Coalition Total	268	11	16	-	4
Sen Stoklosa (Independent)	1	-	-	-	-
Grand Total	270	233	34	7	15

As it was shown from the above table, the majority of Solidarność Deputies and Senators were against the election of General Jaruzelski. All members of the PZPR voted for Jaruzelski, except one. Six members of the United Peasant Party voted against him. All members of the PAX association, Christian Social Union, and Polish Catholic and Social Union voted for him. All members of the opposition voted against except one, keeping in mind that General Jaruzelski was associated, for Solidarność members in particular, as the one who declared martial law in 1981, which led to the delegalization of Solidarność trade union.

Uncertainty about the direction of political transition increased after the election of General Jaruzelski. The opposition was now represented in the *Sejm* and the Senate. But the Communist Party was still the dominant Party, occupying the majority of seats in the *Sejm* due to the semi-democratic political reform agreed upon at the 'roundtable.' The formation of the government became the major and urgent issue after the election of General Jaruzelski. There were signs of weakness within the Communist Party and increasing internal divisions.

General Jaruzelski resigned as the First Secretary of the PZPR during the 13th Party Central Committees Plenum, and Mieczysław F. Rakowski was elected to the position.¹¹⁶⁶

Rakowski, the newly elected First Secretary, recommended Czesław Kiszczak, member of PZPR Political Bureau and Internal Affairs Minister, as a candidate for the position of Prime Minister. It may be recalled that Czesław Kiszczak was one of the major participants and the major advocate of the idea of the ‘roundtable’ talks. In the meantime, Lech Wałęsa stated his clear opposition to Kiszczak’s nomination. It is important to note here that Wałęsa supported Czesław Kiszczak as a candidate for Presidency, but rejected his candidacy for Premiership, as stated by Bronisław Geremek.¹¹⁶⁷

In the 13th PZPR Central Committee Plenum, a resolution was adopted in Warsaw on 29 July, which stated that the major task for the government was to solve the economic crisis and to improve the economic situation. In addition, the committee asserted its readiness to cooperate with the opposition to implement the ‘roundtable’ agreements.¹¹⁶⁸ The economic resolutions adopted included the need for 1) “the socialization of state assets and the seeking of new forms thereof that transcend current experience, a replacement of the ‘enfranchisement’ of state and political officials with a desirable enfranchisement of work forces, the availability of shares to workers, and the perpetuation of workers self-management;”¹¹⁶⁹ 2) “legislative control over changes in ownership;”¹¹⁷⁰ 3) “a genuine equalization of the development chances and conditions for all forms of ownership, especially in the wage and taxation spheres, which have not been favorable for the state sector, and in

¹¹⁶⁶ See *Warsaw PAP*, “Jaruzelski Submits Resignation.” FBIS-EEU-89-145. 31 July 1989. P: 30; and *Warsaw PAP*, “Rakowski Elected First Secretary.” FBIS-EEU-89-145. 31 July 1989. P: 31.

¹¹⁶⁷ *Warsaw PAP*, “Walesa Refuses Support.” FBIS-EEU-89-147. 2 August 1989. P: 53.

¹¹⁶⁸ *Warsaw TRYBUNA LUDU*, “13th PZPR Central Committee Plenum Resolution.” FBIS-EEU-89-150. 7 August 1989. P: 26-27.

¹¹⁶⁹ *Ibid.*, 26.

¹¹⁷⁰ *Ibid.*

access to raw materials and foreign currency.”¹¹⁷¹ The resolutions showed the government's continuation with marketization of the economy and its emphasis on the need for ownership transformation. Food shortages were the major concern for the *Sejm* and the Senate. The introduction of a market mechanism was the major discussion point set by the *Sejm* which had already met several times before the formation of the new government. For Adam Michnik, “no one has an economic program for breaking out of the crisis yet... we have to abandon this economic system of planned absurdity, and begin to apply market mechanism, while realizing that this step may even entail a certain price, including a drop in ‘Solidarity’s’ standing.”¹¹⁷² By this time, many members of Solidarność shifted their interest from self-management and market socialism models toward market economy, alongside liberals who already advocated, throughout 1980s, the restoration of capitalism as the only solution for economic deterioration.

On August 2, Czesław Kiszczak was appointed as the Prime Minister. Kiszczak presented his plan for the new government based on the following priorities:¹¹⁷³ 1) an immediate action to solve the deteriorating situation with the Polish economy through accelerating the process of introducing a market mechanism in the food industry; 2) the introduction of authentic equality for all forms of economic pluralism; 3) implementation of the ‘roundtable’ new economic order. His vision of reshaping economic ownership was based on agreements adopted during the ‘roundtable’ talks on economic pluralism and the role of private sector. In this regard Czesław Kiszczak, addressing the Deputies in his speech in the *Sejm*, said:

The round table agreement outlines a vision of Poland’s development satisfying the aspirations and expectations of Poles. The new government should head for the materialization of this vision-especially of the shape of the new economic order and political reforms-with its full efforts. As co-chairman of the round

¹¹⁷¹ Ibid.

¹¹⁷² *Warsaw POLITYKA*, “Adam Michnik’s Visit to Moscow Reviewed.” FBIS-EEU-EEU-146. 1 August 1989. P: 43.

¹¹⁷³ *Warsaw PAP*, “Roundup of Sejm Debates.” FBIS-EEU-89-148. 3 August 1989. P: 35

table I feel morally and politically obliged to guarantee the agreement reached by the Poles. I, therefore, will do all to keep the directions of the government activities in line with the supreme reasons of state and nation.¹¹⁷⁴

Kiszczyk asked Solidarność to join his Cabinet, but his proposal was rejected. Solidarność, represented by its leader Lech Wałęsa, on the other hand, proposed a coalition government between Solidarność, the United Peasant Party and the Democratic Party. Wałęsa's proposal was very critical. His proposal changed the direction of events and led eventually to the collapse of the Communist Party. Lack of confidence about Communist Party intentions after appointing Kiszczyk as the Prime Minister increased. This crisis of confidence intensified due to the history of Communist Party monopolization over all aspects of Polish life. Wałęsa said after the appointment of Kiszczyk that "I once again firmly speak out against Gen. Czesław Kiszczyk forming a new government. The only political solution in the present situation in the formation of the Council of Ministers basing on a coalition between Solidarity the United Peasant Party and the Democratic Party which I will strive for."¹¹⁷⁵ Wałęsa's proposal was the first to break the old alliance between the Communist Party and both the Democratic and the Peasant parties. Lech Wałęsa announced his tripartite coalition with the Democratic Party and the United Peasant Party to break the monopoly of the Communist Party.

The Democratic Party showed its readiness to join the coalition government proposed by Wałęsa.¹¹⁷⁶ At the same time, the United Peasant Party considered Wałęsa's proposal and after intense discussion it agreed to join the coalition.¹¹⁷⁷ For Wałęsa the appointment of PZPR in

¹¹⁷⁴ Ibid.

¹¹⁷⁵ *Warsaw PAP*, "PAP Cites Walesa Coalition Proposal." FBIS-EEU-89-151. 8 August 1989. P: 33.

¹¹⁷⁶ *Belgrade TAJUG*, "Democratic Party Ready to Join." FBIS-EEU-89-152. 9 August 1989. P: 16.

¹¹⁷⁷ *Warsaw PAP*, "ZSL Considers Walesa Proposal." FBIS-EEU-89-153. 10 August 1989. P: 20.

the position of Premiership, signaled the continuation of authoritarianism and monopolization of the Party. Wałęsa, therefore, stated that:

Both the DP [SD] and the UPP [ZSL] are more experienced than us, and we would like to use this experience to solve Polish problems together. Surely, the DP [SD] is less burdened with the monopoly than the PUWP. Yes, it had access to power but a small one. The DP [SD] was pushed aside, like the UPP [ZSL]. We would like to give it a chance, more than it has had so far... thus, if the DP [SD] consented to this, it would be necessary to lead to possibly prompt talks between representatives or presidiums, and we will surely come to terms with one another.¹¹⁷⁸

The crisis that erupted in regard to the election of Poland's President was followed by another crisis in the selection of the Premiership position. Wałęsa's government coalition proposal broke the monopoly of the Party and created a new alliance with Communist Party's former satellite parties, the United Peasant Party and the Democratic Party. Those parties decided to side with Solidarność to secure their participation in the new government. As a result, Czesław Kiszczak offered his resignation when he failed to form a new government and because of Wałęsa's proposal for the formation of a new government composed of the United Peasant Party and the Democratic Party which was to be headed by a Solidarność member as Prime Minister. The power struggle and intense uncertainty led General Jaruzelski to offer the position to Tadeusz Mazowiecki, a 62 years old Solidarność member, close advisor to Wałęsa and an editor in chief for Solidarność Weekly.

Besides Tadeusz Mazowiecki, Lech Wałęsa had two other candidates from Solidarność, Bronisław Geremek, Solidarność floor chairman in the *Sejm*, and Jacek Kuroń, former *KOR* member and Solidarność advisor.¹¹⁷⁹ On August 19, Mazowiecki was officially selected as a

¹¹⁷⁸ *Warsaw PAP*, "Walesa Urges Consent." FBIS-EEU-89-153. 10 August 1989. P. 22.

¹¹⁷⁹ John Tagliabue, "Solidarity Seems On verge of Forming Polish Cabinet." *The New York Times*, (18 August 1989).

candidate for the Premiership. On August 24, Tadeusz Mazowiecki*¹¹⁸⁰ was elected as the Prime Minister. The election of a government headed by a Solidarność advisor constituted another major critical juncture in the political scene in Poland. This breakthrough political development opened up a new radical change in the political and economic history of Poland for decades to come. It also accelerated the process of democratization. The appointment of Mazowiecki also opened new prospects for drastic economic reform. The free market economy emerged as an alternative, even before the formation of the new government in September. Calls for radical economic alteration and a new model increased with the imminent collapse of the Communist Party after its defeat in the June election, and after the replacement of a Communist Prime Minister with a Solidarność advisor. The emergence of Solidarność in 1980; the imposition of martial law in December 1981; June election 1989; and the appointment of a non-Communist Prime Minister accelerated the process of transition to democracy and capitalism. The election of a Solidarność Prime Minister was a decisive occurrence that shifted the direction of events in Poland. Proposals for radical economic reform had increased since August 1989.

One of the major political groups that advocated for a market capitalism economy and parliamentary democratic transition, was the *Dziekania* Political Club, mentioned in chapter three, which was formed in 1984 and registered in 1988. *Dziekania* was one of the groups that supported Mazowiecki's candidacy and published in PAP a statement that pronounced their economic agenda and support for Mazowiecki government:

¹¹⁸⁰ Tadeusz Mazowiecki is an intellectual who studied Law at Warsaw University. He was in 1956 the co-organizer of Warsaw Club of Catholic Intellectual. In 1989, he was the vice chairman of the Club. Author of several books, among them, "Byways and Values," "Internment," and co-author of others among them, "Christians and Human Rights," and "The People of Laski." In August 1980, he became the chairman of the Interfactory Strike Committee's Experts Commission and became advisor to Solidarność Trade Union. He was one of the initiator of the 'roundtable' talk and a chairman of Solidarność-opposition side in Trade Pluralism reform table. Source: *Warsaw GAZETA WYBORCZA*, "Mazowiecki Biography." FBIS-EEU-89-163. 24 August 1989. P: 38.

We express conviction that it is indispensable to undertake shortly a radical reform of the economic system with a view to creating a *free market*. Considerable stress should be put at prompt healing of agriculture and the wholefood economy. Though not participating in formation of Tadeusz Mazowiecki's government, our club offers its support for it and thinks that all opposition political forces in the country should back the cabinet. In the transitional period from the totalitarian system to parliamentary democracy various social groups will seek the most efficient forms of political activity. Italic added¹¹⁸¹

As the statement showed, the general atmosphere had changed in favor of economic reform resembling the Western model. This period of transition was characterized by speculation and political and economic uncertainty. However, by tracing the political and economic history of Poland, one can anticipate this move towards democracy and a return to capitalism long before the events that took place in late 1989-90. As the previous chapters showed, an accumulation of strikes and social unrest ended with the public's clear rejection of the government's last economic plan for further economic liberalization under the state socialism system. One major example that demonstrated the lack of trust and increased dissatisfaction with the government's economic reforms was the results of the National Referendum in regard to the government's 'second stage' socio-political and economic reforms in November 1987. Since the declaration of martial law in December 1981, and the government's reaction to Solidarność and its self-management demand, several members of Solidarność and several Party members had already shifted towards a capitalist market economy as the only valid alternative to state socialism in Poland. The major reason, as discussed before, was government control over both economic and political matters. Thus, one can argue that the emergence of Solidarność as the major independent trade union opened

¹¹⁸¹ *Warsaw PAP*, "Dziekonia Political Club Supports Mazowiecki." FBIS-EEU-89-170. 5 September 1989. P: 34-35.

a new chapter in the political history of Poland and precipitated the democratic and capitalist transition that took place in 1989-90. Many activists and economists had turned towards capitalist market economy as the system that would ensure Poland's prosperity. When Solidarność headed the new government, it was a critical moment that initiated a new path for Polish history.

With Solidarność's new role in forming a new government, there was a need to amend the Polish constitution, in particular, the major article that gave PZPR "the leading role" in the country. This meant that the Communist party had lost its power and opened itself up to the new democratic game, as stated by Marian Janusz Czerwinski when he said "I think that the PZPR ought to move closer to social democracy. A communist party in the strict sense of the term no longer has a place in Poland."¹¹⁸² Transformation was underway within the Communist Party itself and within Solidarność. However, it was the Communist Party that needed to find a new name and a new role to detach itself from its past history and heritage of Communist rule. Thus, calls for renaming the party to 'social democratic' emerged and would be fully formulated after a few months.

The Polish People's Republic constitution was the subject of debate during the 'roundtable' talks, which proposed several amendments to it, but nothing materialized. After the June elections, proposals put forward by Solidarność on the amendments to the constitution included the following changes:¹¹⁸³ 1) omission of section 1 in Article 3 that gave the leading role to the Polish United Workers Party; 2) deletion of section 2 in Article 3 which stated that "the alliance between the PZPR, the United Peasant Party [ZSL], and the

¹¹⁸² *Paris LE FIGARO*, "PZPR Deputy on Constitution Amendment." FBIS-EEU-89-169. 1 September 1989. P: 55-56.

¹¹⁸³ *Warsaw GAZETA WYBORCZA*, "Calls for Amendments to Constitution." FBIS-EEU-89-170. 5 September 1989. P: 41.

Democratic Party [SD] is the basis for the Patriotic Movement for National Rebirth [PRON];”¹¹⁸⁴3) elimination of section 4, Article 11, that gave the state monopoly over foreign trade.¹¹⁸⁵

Prior to the formation of the new government headed by Mazowiecki, privatization of state enterprises accelerated with the marketization of *nomenklatura*, that is to say the *nomenklatura* started their march to the private sector because they wished to retain the privileges they had under Communism before transition began in mid-1989. As many scholars have argued, many members of the Communist Party started to deviate from dogmatic attitudes to a more pragmatic approach and became advocates for a market economy to further their own interests. Marie-France Calle argued that the Polish *nomenklatura* were the major beneficiaries of Poland’s transition from state socialism to a capitalist market economy: “it is now ensuring that it keeps the privileges it formerly owed to the communist regime by moving into the private sector.”¹¹⁸⁶ Jacek Szymanderski, Rural Solidarność spokesman, said in this regard that “it is better to have a privatized *nomenklatura* than a communist *nomenklatura*. That is the best way of neutralizing it,”¹¹⁸⁷ but “just as long as this transition from state enterprise to private enterprise is carried out legally.”¹¹⁸⁸ The political changes that had slowly emerged since the 1980s had led to changes in actors’ ideas, preferences and interests, which materialized after the ‘roundtable’ agreement. Thus, as mentioned before, pro-capitalist movements, groups and parties emerged throughout 1980s and increased their activities in 1989.

¹¹⁸⁴ Ibid.

¹¹⁸⁵ Ibid.

¹¹⁸⁶ *Paris Le Monde*, “Officials Reported Appropriating Private Assets.” FBIS-EEU-89-171. 6 September 1989. P: 46.

¹¹⁸⁷ Ibid., 47.

¹¹⁸⁸ Ibid.

Mazowiecki introduced his candidates for the new government to the *Sejm* in September after negotiations and consultations with leaders of the Polish United Workers Party, the United Peasant Party and the Democratic Party. Each party was offered three to four posts in the new government, but the majority of ministerial posts were to be from Solidarność. Communists occupied important ministerial posts - the internal and the defense ministries. Candidates for the new government pronounced their programs in front of the *Sejm* and a decision was made with majority approval for Mazowiecki candidates. There were 402 votes for, no votes of rejection, and 13 abstentions.¹¹⁸⁹

The new government was composed of twelve Solidarność ministers, four from PZPR, four from the Peasant Party and three from the Democratic Party. The new government set economic reform as its first and primary goal. With the formation of the new non-communist government in Poland, a break with old political and economic institutions occurred and led to a period of high uncertainty. This period of transition started in 1980 with the emergence of Solidarność and materialized with a breakthrough formation of the first non-Communist government in Eastern Europe. As we can see, the government was composed of experts in their field. Experts in economy were the majority in the government as can be seen from Table 6.5.

Political transition carried with it euphoria for the new Poland. Solidarność was perceived as a genuine representative of society, therefore, any idea of reform proposed by Solidarność would receive massive societal support. Solidarność now had the opportunity to initiate radical reform in restructuring the economic and political system without much resistance. Lech Wałęsa who opposed the selection of Premiership from the Communist Party, and

¹¹⁸⁹ John Tagliabue, "Poles Approve Solidarity-Led Cabinet." *The New York Times*, (13 September 1989).

instead proposed a Solidarność candidate to this position, offered his full approval of the new government formed in September. As mentioned before, Solidarność since its emergence, was a movement unifying different political and economic orientations. Thus, Solidarność before 1989, did not advocate a specific political identity which, one can argue, made it the strongest opposition and anti-regime movement against Communist monopoly. But, with time, as we will see later, divisions emerged within Solidarność and led to its split into several different political orientations/wings. Prior to this division, the Solidarność leader had explicitly expressed his support of the Mazowiecki government and its agenda of radical economic reform built on the idea of capitalist market economy as the only alternative available for the Polish economic situation. As Wałęsa stated after the approval of the new government by the *Sejm* in September: “we are entering a new period carrying a baggage of wrongs and matters that need resolving. However, the dramatic state crisis is manifesting itself particularly in the economic sphere. We realize the chance that Poland faces, but we also realize the many dangers and fears that are the lot of the working people...I declare that I will do everything possible to make this difficult task easier for the government.”¹¹⁹⁰ The economy was in the verge of collapse. Thus, the government’s major task was to stabilize the economy and curb inflation before the economy collapse. The government was, therefore, composed of experts and technocrats. Table 6.5 below shows that government of Mazowiecki in September, which included seven economists.

¹¹⁹⁰ *Warsaw RZECZPOSPOLITA*, “Text of Walesa 12 Sep Statement on Government.” FBIS-EEU-89-178. 15 September 1989. P: 56-57.

Table 6.5: Distribution of Mazowiecki Government according to their profession.¹¹⁹¹

Name	Affiliation	Position	Profession- Brief Biography ¹¹⁹²
Leszek Balcerowicz	OKP	Deputy Prime Minister and Minister of Finance	<ul style="list-style-type: none"> - Economist, holding a PhD degree. - Member of NSZZ [Independent Self-Governing Trade Union]. - From 1972-1974, he studied in the United States. - The originator and head of the team of economists, which prepared in 1978-1981 an economic reform draft with other young economists. - He was a member of the PZPR until 1981. - In 1981, he was an advisor with Solidarność.¹¹⁹³
Czesław Janicki	ZSL	Deputy Prime Minister and Minister of Agriculture	<ul style="list-style-type: none"> - An agricultural professor. - <i>Sejm</i> Deputy in 1989.¹¹⁹⁴
Jan Janowski	SD	Deputy Prime Minister and Head of the Office Scientific, Technological Progress	<ul style="list-style-type: none"> - Professor of Technical Science. - <i>Sejm</i> Deputy and Chairman of SD Floor Group in 1989.¹¹⁹⁵
Czesław Kiszczak	PZPR	Minister of Internal Affairs	<ul style="list-style-type: none"> - General, Minister of Internal Affairs in 1981. - Participant of the 'roundtable.' - Appointed as a Prime Minister in

¹¹⁹¹ *Warsaw PAP*, "PAP Profiles New Government Members." FBIS-EEU-89-177. 14 September 1989. P: 46-48. All information included in this table was extracted from FBIS translated report. To see full biography of Mazowiecki's government, return to the same source.

¹¹⁹² Some of these members were already mentioned in the previous chapter as participants of the 'roundtable.'

¹¹⁹³ *Ibid.*, 46.

¹¹⁹⁴ *Ibid.*, 47.

¹¹⁹⁵ *Ibid.*

			1989, but his appointment rejected by Solidarność. ¹¹⁹⁶
Bronisław Kaminski	ZSL	Minister of Natural Environment Protection	<ul style="list-style-type: none"> - An engineer. - 1980-1988 Director of the Department for the Protection of Natural Environment Protection and Natural Resources, Water Economy and Geology in Krakow Town Hall.¹¹⁹⁷
Andrzej Kosiniak-Kamysz	ZSL	Minister of Health and Social Welfare	<ul style="list-style-type: none"> - Doctor of Medicine. - In 1989, he was appointed Undersecretary of State and Chief Sanitary Inspector at the Ministry of Health.¹¹⁹⁸
Marek Kucharski	SD	Minister of Communication	<ul style="list-style-type: none"> - Graduate of a higher technical school. - In 1985, he was appointed Vice Director for Technical Affairs at the voivodship branch of Polish Post in Lodz.¹¹⁹⁹
Jacek Kuroń	OKP	Minister of Labor and Social Policy	<ul style="list-style-type: none"> - Historian and Journalist. - An influential advisor for Solidarność. - Member of <i>KOR</i> (Committee for the Defense of Workers), which was dissolved during the First Solidarność Congress in 1981. - <i>Sejm</i> Deputy in 1989. - Chairman of <i>Sejm</i> Committee for National and Ethnic Minorities.¹²⁰⁰
Aleksander Mackiewicz	SD	Minister of Internal Market	<ul style="list-style-type: none"> - Economist. - Worked in 1970-78, at the center of planning, organization and management of the Polish Post.

¹¹⁹⁶ He retired in mid-1990.

¹¹⁹⁷ *Warsaw PAP*, "PAP Profiles New Government Members." FBIS-EEU-89-177. 14 September 1989. P: 47.

¹¹⁹⁸ *Ibid.*

¹¹⁹⁹ *Ibid.*

¹²⁰⁰ *Ibid.*

			<ul style="list-style-type: none"> - In 1989, he was a Managing Director of the “Ars Christiana” enterprise in Warsaw.¹²⁰¹
Jerzy Osiatynski	OKP	Minister, Head of the Central Planning Office	<ul style="list-style-type: none"> - An Economist. - Scientific worker of the Polish Academy of Sciences. - In 1971-72, he studied at Cambridge and then lectured in 1973 in UK, Italy and Austria. - Since 1980, he was a member of the Economic Reform Committee. - <i>Sejm</i> Deputy.¹²⁰²
Aleksander Paszynski	OKP	Minister of Spatial Planning and Construction	<ul style="list-style-type: none"> - An Economic Activist and Journalist. - Deputy editor-in-chief between the years 1980-81. - Founder and Chairman of the Warsaw Economic Society. - Member of Citizens' Committee. - Senator in 1989.¹²⁰³
Henryk Samwonowicz	OKP	Minster of National Education	<ul style="list-style-type: none"> - Professor and Historian. - Chairman of the Polish Historical Society for several years. - Chairman of the main Board of Science and Higher Education.¹²⁰⁴
Florian Siwicki	PZPR	Minister of National Defense	<ul style="list-style-type: none"> - Graduate of the Academy of the General Staff of the Soviet Armed Forces. - In 1971, he was appointed 1st deputy of the Polish Army. - In 1973, appointed Deputy Minister of Defense. - Since 1983, he became the Minister of Defense.¹²⁰⁵

¹²⁰¹ Ibid.

¹²⁰² Ibid.

¹²⁰³ Ibid.

¹²⁰⁴ Ibid., 47-48.

¹²⁰⁵ Ibid., 48.

Krzysztof Skubiszewski	OKP	Minister of Foreign Affairs	<ul style="list-style-type: none"> - Lawyer and Professor. - Professor on the Institute of State and Law of the Polish Academy of Sciences since 1973. - Member of the primate's Social Council between 1981 and 1984. - Member of the Consultative Council at the President of the Council of State from 1986-1989. - Member of Solidarność since 1980.¹²⁰⁶
Tadeusz Syryjczyk	OKP	Minister of Industry	<ul style="list-style-type: none"> - An Engineer. - Member of the NSZZ Solidarność. - Founder and Deputy Chairman of NSZZ Solidarność at the academy in 1980. - Co-founder and Deputy Chairman of the Krakow Industrial Society.¹²⁰⁷
Marcin Swicki	PZPR	Minister of Foreign Economic Relations	<ul style="list-style-type: none"> - An Economist. - He spent two years of scientific training in the United States. - In 1982 Director for Studies and Analyses of the Constructive Economic Council. - In 1987, he was member of the board of the Polish Society for Cooperation with the Rome Club. - <i>Sejm</i> Deputy.¹²⁰⁸
Witold Trzeciakowski	OKP	Chairman of the Economic Council	<ul style="list-style-type: none"> - Professor and a well-known economist. - An economist advisor to Solidarność since 1981. - Member of the NSZZ Solidarność. - Director of the Department of Economic Studies of Ministry of Foreign Trade. - Head of the Department of Macroeconomic Analyses at the

¹²⁰⁶ Ibid.

¹²⁰⁷ Ibid.

¹²⁰⁸ Ibid.

			Institute of Economics of the Polish Academy of Sciences. - Senator. - Chairman of the Senate National Economy Committee. ¹²⁰⁹
Franciszek Adam Wieladek	PZPR	Minister of Transportation	- An Economist. - In 1987 appointed as Undersecretary of State at the Ministry of Transportation, Shipping and Communication. ¹²¹⁰

Old alliances had disintegrated and PZPR's influence had diminished. The former opposition became the ruling force. The Mazowiecki government was composed of a grand coalition consisting of members of PZPR, SD and ZSL. This time of transition was characterized by uncertainty and lack of concrete information. There was 'no other alternative to capitalism and democracy' a phrase repeated hundreds of times in descriptions of the situation in late 1989. With the decline of socialist ideology and the elimination of Communist monopoly over politics, the capitalist market economy came as a valid substitute to state socialism. As Rakowski himself admitted: "real socialism has proved to be a failure, and we must admit this brutal truth to ourselves. Though this system was responsible for a tremendous acceleration of development worldwide, unfortunately it could not match the pace itself and was left behind."¹²¹¹

In searching for a Finance Minister, Prime Minister Tadeusz Mazowiecki searched for an economic expert and selected Leszek Balcerowicz, who was hesitant at the beginning and

¹²⁰⁹ Ibid.

¹²¹⁰ Ibid.

¹²¹¹ *POLITKA* interview with Mieczysław F. Rakowski about the future of the Left in Poland dated in January 13, 1990. FBIS-EEU-90-023.

then agreed to head one of the most difficult ministry, the Ministry of Finance.¹²¹² Balcerowicz, liberal who advocated the idea of a capitalist market economy, as pointed out in the previous chapter, was known in 1980 when he drafted a radical economic reform plan that was rejected, “but a model for the reformists of the era was established.”¹²¹³ In 1978, Balcerowicz formed a group of young economists, later known as the ‘Balcerowicz Group,’ to draft an economic reform plan for the economy.¹²¹⁴ This group contributed to the ideational change in Poland in the early 1980s by criticizing the socialist system. According to Stuart Shields, one of the major factors that facilitated political and economic transition in Poland in 1989-90 was the diffusion of political liberalization in the late 1970s and cultural exchanges with Western countries that created a network of exchange of political and economic ideas.¹²¹⁵ In 1981, after the declaration of martial law, these new forces of changes had already spread into Poland and Eastern European countries in general.

Balcerowicz’s past economic experience with *Solidarność* and his vision of economic reform enabled him to implement the model based on Western market economy without much resistance from the society that was still in the midst of changes which came after the unexpected collapse of the Communist Party. Balcerowicz’s powerful position, as Deputy Prime Minister and the Minister of Finance, protected him from political pressure. The decision to form a technocratic government enabled Balcerowicz and his team to detach themselves from trade unions demands and any emerging pressures, especially after the adoption of radical economic reform in January 1990.

¹²¹² Ibid.

¹²¹³ *Madrid DIARIO*, “Balcerowicz on Transition to Market Economy.” FBIS-EEU-89-240.

¹²¹⁴ Stuart Shields, “The ‘Charge of the Right Brigade:’ Transnational Social Forces and the Neoliberal Configuration of Poland’s Transition,” *New Political Economy* 8, no. 2 (2003): 229.

¹²¹⁵ Ibid.

Balcerowicz declared his plan for restructuring the whole economic system by pursuing a radical approach instead of a gradual approach directly in front of the *Sejm*. Balcerowicz believed that people who criticized his option of a rapid restructuring of the economy “should either admit openly that they are in favor of maintaining inflation for a long time to come or prove that Poland is capable of doing something that no other country in the world has managed before: moving away from a high rate of inflation in a smooth, painless, and gradual operation.”¹²¹⁶ Changes in the political sphere and massive societal support for the new non-PZPR government enabled Balcerowicz to implement his radical economic reform plan. In addition, political transition had offered Balcerowicz a once in a life-time opportunity to implement the economic plan he envisioned in the late 1970s with group of young economists. The approach was chosen to link Polish economic reforms with possible financial and technical support from the West. On the other hand, Jeffery Sachs pointed out that, for various reasons, Solidarność was already inclined to pursue radical economic reform when it assumed political power. Sachs said in this regard that:

They [Solidarność] recognized that they had a unique opportunity to make an economic breakthrough to a market economy and a political breakthrough to democracy. They understood the economic and political logic of radical reforms. Their own experience had taught them that tinkering within the old system would produce no results. They knew that the economy bordered on hyperinflation. Economic logic also underscored the need to move comprehensively, as each aspect of reform was intimately connected with the other dimensions. And Solidarity’s lack of personnel in the ministries also led the new government to rely on market forces as much as possible.¹²¹⁷

Balcerowicz argued that Poland suffered from the monopolization of economic management by the state. For him, the economy was in urgent need of ownership transformation.

¹²¹⁶ *Warsaw POLITYKA*, “Finance Minister Comments on ‘Balcerowicz Program.’” FBIS-EEU-90-008. 11 January 1990. P: 63.

¹²¹⁷ Quoted in Richard J. Hunter, Jr., and Leo V. Ryan, C.S.V, *From Autarchy to Market: Polish Economics and Politics, 1945-1995* (Praeger: Westport, Connecticut London, 1998), 77.

Balcerowicz also asserted that the only option Poland had was to move the Polish economy from a centrally planned system to a market economy, and numerated the major difficulties facing Poland at that time:

We are commencing this transfer in a dramatically difficult economic and social situation. The greatest problem is the growing inflation. Unless we overcome inflation, we will not solve other problems. Unfortunately, we do not have the luxury of an easy choice and a painless way out. *We must enter the battle against inflation either immediately or very soon. That is the only possibility I see.*¹²¹⁸ (Italic added)

Timing was an important factor for Balcerowicz as there is massive public support for the government. Balcerowicz urged that this historic chance should be used “to make changes not only in political sphere, but in the economic sphere as well - a chance to transfer from the present economic system to a system that is marked by efficiency.”¹²¹⁹ As previously discussed, the government was composed of experts in their field. The aim was to create a government of technocrats free from pressures and emerging interest.

The political breakthrough with the creation of the first non-PZPR government in Poland since World War II, opened a new chapter of Poland relations with Western Europe. An agreement was signed between Poland and the EC aimed at economic assistance and cooperation.¹²²⁰ Poland was in an “exceptional situation,”¹²²¹ said Balcerowicz, which

¹²¹⁸ *Warsaw RZECZPOSPOLITA*, “New Ministers Make Policy Statements.” FBIS-EEU-89-179. 18 September 1989. P: 40. At the same time, Minister of Witold Trzeciakowski another advocate of free-market economy, said in this hearing “we all agree that we should aim toward a market economy, but no one in the world has achieved it yet. We are faced with a lack of external and internal equilibrium. Market laws are not working. So what is necessary? An abolition of monopolies, the commercialization of state ownership, a new taxation and banking system, an end to the monopolies over foreign trade, and proper protection for those unable to work.” Ibid., 42.

¹²¹⁹ *Warsaw RZECZPOSPOLITA*, “New Ministers Make Policy Statements.” FBIS-EEU-89-179. 18 September 1989. P: 40.

¹²²⁰ The agreement signed between Poland and the EC, aimed at economic cooperation, license agreements, support of technological progress and financial aid for Poland new structural reform. The agreement was for five years. *Warsaw PAP*, “EC Officials Visit, Agreement Signed in Warsaw.” FBIS-EEU-89-181. 20 September 1989. P: 33.

required financial assistance for institutional changes. With societal support for the new government, an opportunity emerged that opened the door for the implementation of radical political and economic reforms. As General Jaruzelski said: “internal and external circumstances are different. We have all changed! The world has changed.”¹²²² The government had unprecedented support from the public, as the public opinion polls showed. One poll conducted by CBOS [Public Opinion Research Center] showed that 59 percent of respondents had confidence in President Jaruzelski, while 28 percent had no confidence in him.¹²²³ When polled about the appointment of Mazowiecki, the majority of respondents expressed their satisfaction with his appointment and expressed their support of the government.¹²²⁴

On September 26, Balcerowicz undertook discussions with leaders of the IMF and the World Bank and with representatives of U.S Congress and the Senate. In this meeting Balcerowicz, Baka and Trzeciakowski presented the Polish government’s program for economic reform and discussed the need for external assistance to accomplish it. Assistance was needed for Poland to “face an economic process unknown in history. Nobody ever tried to pass from the socialist economy to free market economy.”¹²²⁵

In his meeting with the IMF and the World Bank, Leszek Balcerowicz said: “we are totally aware that the reforms undertaken in the past were not sufficiently complex to be able to bring about greater results. Loosening the centralized control of the economy did not result

¹²²¹ *Warsaw TRYBUNA LUDU*, “New Ministers Meet with Jaruzelski.” FBIS-EEU-89-181. 20 September 1989. P: 36.

¹²²² *Warsaw TRYBUNA LUDU*, “Jaruzelski Addresses New Government 13 Sep.” FBIS-EEU-89-181. 20 September 1989. P: 37-38.

¹²²³ The question was “Do you have confidence in President Jaruzelski?” *Warsaw PAP*, “PAP Notes Public Confidence in Jaruzelski.” FBIS-EEU-89-183. 22 September 1989. P: 38.

¹²²⁴ *Warsaw Domestic Service*, “Opinion Poll on Mazowiecki Appointment.” FBIS-EEU-89-183. 22 September 1989. P: 38-39.

¹²²⁵ *Warsaw PAP*, “Sejm Committees Interview Ministers.” FBIS-EEU-89-174. 11 September 1989. P: 37.

in a significant improvement of the distribution of means but led to a loss of financial discipline this year.”¹²²⁶ He presented the steps required for Poland’s stabilization and liberal economic program to the representatives of the IMF and the World Bank as the following.¹²²⁷

- a) Cut in government budget deficit.
- b) Introducing market-based interest rate.
- c) Converting Polish currency.
- d) “Lowering a majority of subsidies and elimination of administrative control of a majority of prices.”¹²²⁸
- e) Liberalization of prices to reflect supply and demand in markets.
- f) “Adjusting wage increase to the capacities of the economy.”¹²²⁹

Balcerowicz also introduced the major financial aids needed for Poland economy to transfer it into market capitalism as the following:¹²³⁰

- a) An acceleration of the IMF standby agreement with Poland.¹²³¹
- b) An acceleration of the World Bank structural adjustment loan.¹²³²
- c) “Multi-pronged stabilization loan from developed industrial countries to assist Poland in building up international reserves and stabilizing the value of the Zloty.”¹²³³

¹²²⁶ *Warsaw PAP*, “Addresses IMF Meeting.” FBIS-EEU-89-187. 28 September 1989. P: 17. The conference attended by prominent politician, and economists, among them George Soros, Richard Nixon and Klemens Szaniawski.

¹²²⁷ *Ibid.*

¹²²⁸ *Ibid.*

¹²²⁹ *Ibid.*

¹²³⁰ *Ibid.*

¹²³¹ *Ibid.*

¹²³² *Ibid.*

¹²³³ *Ibid.*

- d) “Payment concessions in the servicing of Poland’s debt next year [1990] and speeding up talks aimed at permanently easing the country’s debt owed to the Paris Club and Private Banks.”¹²³⁴

In his concluding remarks, Leszek Balcerowicz clearly stated, in respect of Poland’s economic restructuring program to transfer the system from a planned economy to capitalism, that: “their fulfillment is in the best financial and political interest of the international community.”¹²³⁵ As stated before, Poland had already implemented economic reform resembled ‘market socialism’ model, but it did not help solve the emerging economic crisis without political reform. Market socialism reform, which had been partially implemented in the early 1980s, did not lead to economic efficiency and did not solve the problem of consumer goods shortages. While self-management used by the government during crisis to reduce workers discontent temporarily, and then retain control over the management of the economy. One reason for the decline of market socialism and self-management ideas was the lack of political reform. Without political reform, government economic reform plan was destined to failure. The government activated the idea of self-management several times when economic crisis erupted and workers started to strike, then the government allow for the creation of workers council with real power in the management of the enterprise. Then the government retains power and control over workers councils. In the middle of 1980s, the government attempted to improve the economy through introducing partial marketization and liberalization and accelerated this process at the end of 1988.

¹²³⁴ Ibid.

¹²³⁵ Ibid.

Changes within the Communist Party

Political transition occurred after the victory of Solidarność in the June 4 elections, and the humiliating defeat suffered by the Communist Party led to a major political opportunity for Solidarność to play in shaping the country political and economic institutions. During the same period of time, the Communist Party faced an identity crisis that led members of the Party to vote for radical reform of the Party and to change its name. The cohesiveness of the Party itself was questioned and divisions within the Party became very clear.¹²³⁶ The widespread atmosphere within the Communist Party after its humiliating electoral defeat, the collapse of the old coalition, and the creation of a new alignment in the government, led the Party to a call for an immediate renewal strategy. The Party decided to conduct a poll in regard to this strategy for renewal. Box 6.2 below presents questions of Communist Party Poll conducted in September 1989 to survey members' opinions about the future of the Party.

Box 6.2: Questions on Communist Party Poll on the future of the Party in September 1989¹²³⁷

¹²³⁶ Mieczysław F. Rakowski pointed out, in his speech on 27 September in the opening ceremony of the new academic year of political education studies at the headquarters of the Central Committee of the Polish United Workers (PZPR), that “we need to be far more realistic in our estimations of the reformist wave in the party and the society... the key issue, however, is the unity of the party. Are we in a fit state to reach the opening of this congress [11th party congress] as one party? There many in the meantime emerge other alternative parties, but this will mean our irreversible demise from the political stage, and this will imply not a change of system, but a change of the political order in Poland. In such a situation we shall be completely defenseless against our advisories. Unity must be preserved at all cost. We need a rich intellectual movement and all those other elements that enrich the dynamism of the party. But all these necessary prerequisites must not threaten the party's unity. The struggle boils down to this: Will Poland remain socialist or will it return to capitalism? We must not avert our eyes from the mounting dangers. We have to be ready to make political alliances. This is not opportunism, because the all important question is: Socialism or Capitalism?” *Warsaw TRYBUNA LUDU*, “Rakowski Speech Calls for PZPR Unity.” FBIS-EEU-89-192. 5 October 1989. P: 44.

¹²³⁷ *Warsaw TRYBUNA LUDU*, “PZPR Plenum Decides to Hold Poll.” FBIS-EEU-89-184. 25 September 1989. P: 43.

II.

In accordance with Item 48 of the Statues, the Central Committee calls on PZPR full and candidate members to express their views on the following issues:

Question 1. There are calls in the party for a profound democratization of the principles governing the election of delegates to the 11th congress. Are you, comrade, in favor of :

- a) Changes in the electoral regulations that would markedly increase the possibility of directly electing delegates to the 11th congress;
- b) Elections being held in accordance with current regulations, that is, by the primary party organizations and by conferences at higher levels.

Question 2. Suggestions have been made that PZPR candidate members should be granted active and passive voting rights before the 11th congress. Are you, comrade, in favor for this?

- a) Yes;
- b) No.

Question 2. Suggestions have been made that PZPR candidate members should be granted active and passive voting rights before the 11th congress. Are you, comrade, in favor for this?

- a) Yes;
- b) No.

Question 3. Various party and nonparty, political currents and associations are emerging that support a socialist, democratic system in Poland. They are putting forward programmatic proposals and concepts of preparations for and the course of the 11th congress. Comrade, are you in favor of creating conditions for the conduct of debate preceding the 11th congress on the basis of competing programmatic, ideological, and organizational and political platforms put forward by party organization and communities, as well as nonparty left wing grouping?

- a) Yes;
- b) No.

Question 4. Various proposals are being formulated concerning profound changes in the program, methods of operation, and name of the PZPR. There are also suggestions to the effect that the present name and character of the party should be retained. In what directions do you think that the preparations for the 11th congress being conducted by the Central Congress Commission should head?

- a) The introduction of changes in the program and statue of the PZPR while retaining the Party's name;
- b) The transformation of the PZPR into a new party with a new program, statue, and name.

The results of the poll showed that people were in favor of reforming the party and renaming it. For Question (1), 80.5 percent of polled members chose option 'A,' and 17.7 percent chose option 'B,' which means that they were in favor of changing the electoral

regulation to elect delegates directly to the Congress.¹²³⁸ For Question (2), 76.9 percent of polled members chose option ‘A’ while 21.1 percent of those polled, selected option ‘B’ which means that PZPR candidate members would be granted active and passive voting rights.¹²³⁹ For Question (3), 84 percent chose option ‘A’ and 13.9 percent chose option ‘B,’ so a clear majority voted to open a discussion with party members and other left-wing parties about their ideas and proposals for changes.¹²⁴⁰ Finally, for Question (4), 25.1 percent chose option ‘A’ while 72 percent chose option ‘B’ which means that they supported comprehensive transformation of the Party program, statutes and name.¹²⁴¹ As the poll results show, political transition had changed all political parties’ agenda to meet the new realities.

Another major development, as mentioned previously, was changes in the former satellite parties, the Democratic Party and the United Peasant Party. One major reason for these changes can be attributed to Wałęsa’s proposal that gave both parties a real share of political power. The United Peasant Party and the Democratic Party, therefore, assumed a new role during the transition period, which left the Communist Party alone in its struggle for political power. The appointment of a non-Communist Prime Minister in September was a turning point in the history of the Communist Party. The gap between the Party and the society had widened after years of political and economic crisis. Adding to that, the Party was wracked by factionalism. An opportunity emerged for the United Peasant Party and the Democratic Party to reconsider their ideological position and previous alliances. As described earlier, both parties chose to ally with Solidarność and to participate with the Mazowiecki government.

¹²³⁸ *Warsaw TRYBUNA LUDU*, “Politburo Publishes Party Poll Results.” FBIS-EEU-89-194. 10 October 1989. P: 81.

¹²³⁹ *Ibid.*

¹²⁴⁰ *Ibid.*

¹²⁴¹ *Ibid.*

The United Peasant Party started to reconstruct its past ideological and programmatic ideas and to return to its previous name, the Polish Peasant Party [PSL].¹²⁴²

The new socio-political situation facilitated the adoption of radical economic restructuring from a planned economy to capitalism. In doing so, the Council of Ministers drafted a law on October 2 that aimed to change previous economic laws and to accelerate the comprehensive transformation of the centrally planned system to a market economy.¹²⁴³ Poland was the first country in the Warsaw pact to plan to transfer from a socialist planned economy to a democratic and capitalist system. Poland opted to radically introduce a market economy after years of failed economic plans. Transition in the political and economic spheres occurred simultaneously. Many researchers have viewed transition in Poland in a dichotomist way. Poland's transition has been described as a dual transition in the political and economic spheres. However, as Jan Kubik argued, a description of Poland's transformation based on the dual model of democratization and marketization "is too sparse."¹²⁴⁴ Instead, five areas of transformation should be taken into account: 1) "reconstitution of the state; 2) formation of party system; 3) creation of autonomous civil society; 4) restoration/creation of market economy independent of the state; 5) transformation of domestic society."¹²⁴⁵

International assistance with Poland economic reform

Balcerowicz's plan to restructure the Polish economy from a planned economy to a free market system, which he had written in the late 1970s and revised to meet the new

¹²⁴² *Warsaw PAP*, "United Peasant Party Chapter Changes Name." FBIS-EEU-89-190. 3 October 1989. P: 42.

¹²⁴³ *Warsaw PAP*, "Council of Ministers Adopts Economic Law." FBIS-EEU-89-190. 3 October 1989. P: 48.

¹²⁴⁴ Jan Kubik, "From Transitology to Contextual Holism: A Theoretical Trajectory of Post communist Studies." In *Poscommunism from within: Social Justice, Mobilization, and Hegemony*, ed Jan Kubik and Amy Linh, pp: 27-94 (New York University Press 2013): 39.

¹²⁴⁵ *Ibid.*

political realities when he was selected to become Finance Minister, was received warmly by the IMF and the World Bank. Balcerowicz said, after his meeting with the representatives of the IMF and the World Bank, that “we have presented a somewhat altered economic proposal. At the moment these economic proposals are only in their broadest outline.”¹²⁴⁶ Balcerowicz added that “on the basis of the talks that were held, we are under the impression that our program was favorably received as a starting point for further elaboration. This also assumes our readiness to take decisive steps will actually be reflected in practice. If this does not happen, then all our hopes of reaching an understanding with the IMF and the World Bank, and the financial credits that this implies, not just from the IMF, but from the West in general, will be dashed.”¹²⁴⁷ Balcerowicz wrote his plan in collaboration with international financial institutions, in particular the IMF, because it needed to meet the criteria established for obtaining funds and loans and restore Poland’s creditworthiness.¹²⁴⁸ If the IMF approved Poland’s economic plan, Poland would receive loans from the World Bank and economic aid from Western countries. Poland had obtained loans from Western banks in their past, but these had only been a “bandage on the Polish economic difficulties,”¹²⁴⁹ and Poland had been burdened with repayment of these loans.

The economic program proposed by Balcerowicz initially got wide support from the society that aspired for more liberalization in all aspects of life. As Balcerowicz stated: “I am convinced people realize that we are facing a unique and unrepeatable experiment, a historic chance of making the kind of economic changes that will keep pace with the political

¹²⁴⁶ *Warsaw TRYBUNA LUDU*, “Balcerowicz on IMF, World Bank Talks.” FBIS-EEU-89-192. 5 October 1989. P: 44.

¹²⁴⁷ *Ibid.*

¹²⁴⁸ Peter Gowan, “Western Economic Diplomacy and New Eastern Europe,” *New left Review* 182 (July –August 1990): 71-72.

¹²⁴⁹ *Warsaw PAP*, “Finance Minister Balcerowicz on IMF Talks.” Fbis-eeu-89-190. 3 October 1989. P: 48.

ones.”¹²⁵⁰ By October 6, the Balcerowicz Program had still not been fully presented to the public and continued to be debated within the government. The preliminary goals of the Balcerowicz program were first, to curb inflation and to eliminate it; and second, to stop the deterioration of the economic system and begin ownership transformation. Balcerowicz asserted that the government needed to introduce institutional change in the fiscal and financial policy arena in order to halt inflation. In terms of fiscal policy, the government needed to balance the budget deficit by reducing subsidies and lowering the influx of budgetary funds to the economy.¹²⁵¹ In addition, price and income policy had to be controlled to halt inflation, in particular, growth in wages, therefore, according to Balcerowicz, “a further bold step toward abolishing the indexation wages and the inflationary effect of money is required. This is an extremely important point. Unless it is accepted and implemented, I see no chance of rescuing Poland from hyperinflation. The government is determined to act consistently in this sphere.”¹²⁵²

The Mazowiecki government announced that “the Polish economy requires fundamental institutional changes. The aim of these changes is to construct a market system that approximates to the one that exists in the highly developed countries”¹²⁵³ The idea of Poland’s return to capitalism met with resistance at the beginning by the Communist Party, as it would mean the collapse of the economic hegemony it had enjoyed for almost 45 years without real challenge. The Party accepted that the economy needed radical reform, but envisaged a change from a bureaucratic and centralized system to market socialism. It saw a middle way

¹²⁵⁰ *Warsaw RZECZPOSPOLITA*, “Spokesperson’s, Finance Minister’s News Conference.” FBIS-EEU-89-196. 12 October 1989. P: 65.

¹²⁵¹ *Ibid.*, 62.

¹²⁵² *Ibid.*, 63.

¹²⁵³ *Warsaw TRYBUNA LUDU*, “Party Academic Rejects Capitalism Restoration.” FBIS-EEU-89-218. 14 November 1989. P: 65.

that combined both markets, but with public ownership. Boleslaw Przywara, director at the Socioeconomic Policy Institute, the Polish United Workers Party Academy of Social Sciences, said in this regard:

we believe that the only possible solution, irrespective of how difficult it may be, is a step forward. Thus, it is not a matter of change that proceeds in the direction of capitalism, but of change that proceeds in the direction of creating a new democratic form of socialism. Although the word socialism has been tarnished by various bad practices and aberrations, it has not, however, lost its basic sense. Every attempt to reverse the course of history must end in failure sooner or later. So we should go back, but forward.¹²⁵⁴

As the above statement shows, the Communist Party still advocated a democratic socialism model built on “territorial self-government and workers self-management...and decentralization of privilege, and local and regional autonomy,”¹²⁵⁵ but under the new circumstances, with political transition, their ideas were hard to materialize. Thus, the Party

¹²⁵⁴ Ibid., 66.

¹²⁵⁵ Warsaw *TRYBUNA LUDU*, “PZPR Program Declaration Published.” FBIS-EEU-89-220. 16 November 1989. P: 74. The PZPR stated in its declaration which published in November 6, 1989, in Warsaw, stated “the condition for a restructuring of an economic system is the reform of property ownership. We support the equality of all economic sectors. Competition and the interaction of the various forms of property ownership should be the motor of economic progress. We support the development of the nationalized sector that would be economically efficient and free from the limitations of bureaucracy and centralism. The profound transformations occurring in state ownership are seen as essential. These transformations must happened according to the law and must be *socially controlled*. The aspirations of the workers for joint ownership and management of their factories have be taken into account. Various ways of achieving this are possible, namely, through workers, cooperative, self-managed, or even mixed ownership. We consider state treasury ownership and local community ownership equally important. Conceding the need for developing the private sector where it can better satisfy the needs of society’s demands, we are opposed to the wholesale imposition of privatization as the sole or main direction in the changes to the system of ownership. Private enterprise should, above all, be encouraged to develop in the direction of new factories that are badly needed by our economy.” Italics added. As this statement shows, the party rejected the idea of privatization of the economy and was in favor of a mixed economy and advocated social security policies. They also rejected the following changes in the economic system proposed by the new government: 1) unemployment, remember in state socialism there is no problem of unemployment; 2) “making the quality of the health service depend on the financial situation of the individual;” 3) “a fragmentation of the opportunities for a decent start in life for the young generation and the wholesale spread of private education;” 4) “the socially uncontrolled selling off of state property in order to sell property to the old or the new nomenklatura;” 5) “the creation of new fortunes based on speculation.” Ibid., 74. They basically rejected all features of capitalism that were based on individualism and the idea of private property.

realized that the time had come to create a new social democratic system that resembled other leftist systems in Europe.

This time, Balcerowicz, who was once an advocate for the idea of self-management when *Solidarność* emerged, insisted that there was no middle model (market socialism, self-management, etc.) to implement, and that economic transition to market capitalism economy was necessary to save the Polish economy from imminent collapse. Transition towards capitalism was viewed as the restoration of a system that existed in Poland prior to state socialism. Balcerowicz often stated in his books and in articles that there was no freedom without private property.¹²⁵⁶ Restoration of capitalism, one can argue, came about after a failed experiment with state socialism after World War II. Poland, as described in chapter three, had a history of democratic and capitalist institutional systems. In addition, there was the experience with self-management after World War II when workers took over their factories and start managing them. Self-management through workers' councils declined with the consolidation of Communist Party hegemony and the establishment of *nomenklatura*. Government control over state enterprises weakened the idea of self-management (also called workers' democracy because workers managed their own enterprise), but re-emerged when Władysław Gomułka came to power. Gomułka commenced his new vision of the Polish road to socialism through economic reform based on the idea of self-management through workers' participation. However, the central administration again retained control over state enterprises and workers were deprived of the right to manage, or even to elect or dismiss the directors of state enterprises. With the emergence of *Solidarność* in 1980, the major idea of economic and political reform for them was the idea of self-management through workers'

¹²⁵⁶ See his lectures in Polish and in English on YouTube where he clearly expresses his view that it is impossible for democracy to exist and survive without private ownership and property rights.

councils. Solidarność's major demand was the creation of authentic self-management in Poland and the abolition of the *nomenklatura* system. In August 1980, Solidarność was legalized. Self-management bodies flourished, but the state again retained control over enterprise management when the government declared martial law and banned Solidarność. The self-management idea lost its attractiveness as an alternative to state socialism after the imposition of martial law in December 1981. It therefore came as no surprise that the government of Mazowiecki adopted a model that was tried and tested in advanced Western countries instead of other alternatives.

Divisions within Solidarność emerged during the discussion of the new economic program based on capitalist market economy. As stated by one of Mazowiecki's economic advisors, Waldemar Kuczynski, who said, in referring to Solidarność's sudden rise to political power: "we were not prepared for it. The Solidarity team is not drawn from any shadow cabinet."¹²⁵⁷ The new task in this critical point in Poland history was the economic crisis. Kuczynski said in this regard that "splits are appearing within the government team between an uncompromising free market approach supported by young Finance Minister Leszek Balcerowicz and a social democratic sensitivity represented by Labor Minister Jacek Kuroń,"¹²⁵⁸ and that the government was "living under pressure from imminent dangers, financial disaster, budgetary catastrophe. Our time has been taken up by the drafting of the provisional finance bill and the drafting of the reform plan submitted to the IMF."¹²⁵⁹ Similarly, Mazowiecki had asserted that Solidarność had unified different ideological trends and thus its strength against the Communist Party stemmed from this

¹²⁵⁷ *Paris Le Monde*, "Mazowiecki Adviser Interview on Economy." FBIS-EEU-89-221. 17 November 1989. P: 76.

¹²⁵⁸ Ibid.

¹²⁵⁹ Ibid.

unification of difference, and stressed that “Solidarity as a trade union and social movement is a very complex organization in which various divisions will most probably surface”¹²⁶⁰ and added “I think that this is a normal process and that it could take place at some moment.”¹²⁶¹

Divisions within Solidarność became more acute after the commencement of ‘shock therapy’ in January and the rising tension between Mazowiecki and Wałęsa by mid-1990, as will be discussed later in this chapter. Poland was in urgent need of financial assistance for its economic reform, which aimed first at stabilization as the major and necessary step towards a market economy and then to commence with its ownership transformation through a multi-approach to privatization. By mid-November, the United States Senate, as promised before, had granted Poland financial assistance of 657 million dollars of which 200 million dollars would be granted as a stabilization loan, 125 million dollars as food aid, and 325 million dollars for the expansion of the private sector.¹²⁶²

Plan Balcerowicza

‘We would draw a line through Poland’s Past’

The above statement by Tadeusz Mazowiecki signified the new road taken by the new government toward political and economic systemic changes, and a new thinking away from anti-communist rhetoric. For Mazowiecki, “everyone in a free Poland should have equal chances, even communists.”¹²⁶³ In addition, the government decided to cooperate with the

¹²⁶⁰ *Warsaw PAP*, “Mazowiecki on Possible Divisions in Solidarity.” FBIS-EEU-89-222. 20 November 1989. P: 79.

¹²⁶¹ *Ibid.* Tadeusz Mazowiecki stated “the fact that Solidarność is more coalition-than trade union-like, is very positive and can *contribute to its existence*. It is true that differences and tension can surface but at the present we are faced with a tremendous task of the country’s advancement while we will speak about these differences later.” Italics added. *Ibid.*

¹²⁶² *Warsaw PAP*, “U.S Senate Passes Aid Bill.” FBIS-EEU-89-222. 20 November 1989. P: 70.

¹²⁶³ *Warsaw RZECZPOSPOLITA*, “Activist Explains Two ‘Solidarity’ Philosophies.” FBIS-EEU-90-198. 12 October 1990. P: 37.

Communist and other parties in order to uplift the country from economic collapse and social unrest. The international atmosphere and internal context had contributed to the radical and critical decision taken by Mazowiecki that would change Poland for years to come. Speaking of the market economy, Leszek Balcerowicz described his economic plan as a program tested in Western countries, which was based on ownership transformation, privatization, demonopolization, and creating a stock exchange.

Balcerowicz belonged to an intellectual elite “which developed during the relatively widespread academic freedom which prevailed in Poland in the seventies.”¹²⁶⁴ This environment “prepared the ground for the present situation, in which few people seem to have any difficulty in accepting a finance minister who was a communist party member.”¹²⁶⁵ For Balcerowicz, the formation of a non-communist government was a turning point in Poland’s history.

The market economy, according to Balcerowicz, had both positives and negatives aspects but “one must admit that the market model is characterized by efficiency and effectiveness greater than in other ones.”¹²⁶⁶ The government had adopted a strategy to reduce the budget deficit for the fourth quarter of 1989. In addition, it sought to commence a revenue enhancement policy by introducing two types of bond: 1) short term bonds which started in October; and 2) long-term bonds which commenced in January 1990 accompanied with ‘shock therapy.’¹²⁶⁷ The first stage of the reform, the so-called ‘stabilization stage,’ was aimed at tackling hyperinflation because, in the words of Balcerowicz:

¹²⁶⁴ *Stockholm SVENSKA DAGBLADET*, “Balcerowicz Discusses Economic Priorities.” FBIS-EEU-90-112. 11 June 1990. P: 70.

¹²⁶⁵ *Ibid.*

¹²⁶⁶ *Warsaw PAP*, “Voivodship Councils Meeting on Economic Models.” FBIS-EEU-89-222. 20 November 1989. P: 76.

¹²⁶⁷ Raphael Shen, *Economic Reform in Poland and Czechoslovakia: Lessons and Systemic Transformation* (Praeger, 1993), 100.

No one has succeeded in getting rid of hyperinflation using gradual measures. In practice we had no choice: Either we tackled inflation-and that had to be in this drastic way-or we would have had to live with it for a long time. We knew that people would have to pay a high price for the anti-inflation policy. That was why it was not an easy decision to take- but it was correct.¹²⁶⁸

Stabilization through ‘shock therapy’ targeted inflation and the dismantling of price controls. The stabilization-liberalization economic program aimed at creating a Polish model of capitalism that “will take from abroad what is best, enriching those solutions with ideas of its own.”¹²⁶⁹ Balcerowicz had asserted the need for faster and radical introduction of a market economy while the government enjoyed the confidence of the public. As shown in a public poll conducted after the government presented its economic program in October, 62 percent of those polled said that the government performance was a quite good, 11 percent said it was very good, 7 percent said it was poor, while 18 percent were undecided.¹²⁷⁰ So, generally the government, a few months after its formation, still enjoyed general confidence from the society.

As argued in this chapter, the political transition that led to the rise of Solidarność to political power after June elections, had enabled liberals, such as Balcerowicz, to assume a powerful position in the government. This powerful position enabled liberals to implement their plan toward restructuring Poland economy toward capitalism. Thus, support for the Balcerowicz radical economic program came, as no surprise, from economic liberals in Poland. The second congress of liberals, organized by the Gdansk Congress of Liberals, met

¹²⁶⁸ *Stockholm SVENSKA DAGBLADET*, “Balcerowicz Discusses Economic Priorities.” FBIS-EEU-90-112. 11 June 1990. P: 69.

¹²⁶⁹ *Warsaw Television Service*, “Summarizes Program on TV.” FBIS-EEU-90-112. 11 June 1990. P: 73. Speech by Leszek Balcerowicz at Warsaw Television discussing the progress with his economic plan, ‘Balcerowicz Program.’

¹²⁷⁰ *Warsaw TRYBUNA LUDU*, “Poll Shows Public Confidence in Government.” FBIS-EEU-89-222. 20 November 1989. P: 79.

in November, under the slogan “there is no freedom without property rights.”¹²⁷¹ The Congress prepared for the establishment of a liberal political party, the Liberal Congress Party (KLD).¹²⁷² In addition, more than 300 representatives of economic liberalism in Poland had signed a statement in support of Mazowiecki’s economic liberal approach to reform the economy.¹²⁷³

The process of transformation started in late 1989. The National Bank of Poland devalued the zloty by 10.5 percent in the first week of December 1989, the eighteenth devaluation of the zloty in 1989 and the eighth since Mazowiecki became Prime Minister.¹²⁷⁴ The table below shows the zloty and its exchange rate against major currencies in the first week of December 1989.

Table 6.6: Zloty exchange rate as of 4 of December 1989.¹²⁷⁵

French franc	685.15
Japanese yen	29.21
Deutsche mark	2346.37
U.S dollar	4200.00
Swiss franc	2616.82
British pound	6564.55

¹²⁷¹ *Warsaw PAP*, “Second Congress of Liberals Opens in Gdansk.” FBIS-EEU-89-223. *Warsaw PAP*, “Liberals Support Mazowiecki.” FBIS-EEU-89-223. 21 November 1989. P: 74.

¹²⁷² *Ibid.*

¹²⁷³ *Ibid.*

¹²⁷⁴ *Warsaw PAP*, “National Bank Devalues Zloty 10.5 Percent.” FBIS-EEU-89-232. 5 December 1989. P: 76.

¹²⁷⁵ *Ibid.*

New Economic Council formed. The Economic Council commenced its meeting as an advisory organ to the Council of Ministers and the Premier. The major task of the Economic Council was the evaluation of the economic program aimed at restructuring the economic system.¹²⁷⁶ The first meeting of the Council was attended by International Western Advisors, mainly Jeffery Sachs, Stanley Fischer, Stanislaw Gomulka, and financier George Soros. Two major challenges faced the government, defeating inflation and the issue of zloty convertibility.

For Wałęsa, “only economic reform can save Poland and all Eastern Europe from great emigration which might be disastrous to the West. Then we will perish together, but with the West, not me, being guilty of this disorder because of failing to help our reforms.”¹²⁷⁷ There are, continued Wałęsa, “no partners to struggle in the world today, but there are partners to economics, economy, business, erased even the old wrongs, like for instance between the FRG and France where the border is just line on the map while interests are bilateral and beneficial. And this is the effective direction.”¹²⁷⁸ Western countries’ assistance was, therefore, seen to have a ‘payoff’ in achieving stability in Poland and the rest of Eastern Europe and at the same time providing a new open market for Western countries. Poland needed what Grzegorz Kolodko called a “Martial Plan or martial law,”¹²⁷⁹ and he stressed the urgent need for debt cancellation or a moratorium.

¹²⁷⁶ The Council headed by famous Polish economist Witold Trzeciakowski and comprised of Ryszard Bugaj, Jerzy Dietl, Cezart Jozefiak, Grzegorz Kolodko, Jozef Kaleta, Stefan Kurowski, Antoni Leopold, Jan Lipinski, Adam Lipowski, Jan Mujzel, Krzysztof Porwit, Andrezej Rychard, Zdzislaw Sadowski, Warclaw Wilczynski, Leszek Zienkowski and Leslaw Wasilewski. *Warsaw PAP*, “Council Holds First Meeting.” FBIS-EEU-89-234. 7 December 1989. P: 89.

¹²⁷⁷ *Warsaw PAP*, “Walesa on Changes in Nation, Economic Situation.” FBIS-EEU-89-235. 8 December 1989. P: 21.

¹²⁷⁸ *Ibid.*

¹²⁷⁹ *Warsaw PAP*, “Economic Council Debates Debt, Inflation Policy.” FBIS-EEU-89-236. 11 December 1989. P: 84.

In the first week of December, also, the government, represented by the Finance Minister, presented the state budget for 1990. Leszek Balcerowicz introduced an economic program with plans that were “identical to those contained in the adjustment program”¹²⁸⁰ which was negotiated with the IMF. The budget draft indicated an increase in prices of 4.623 percent for the first quarter in 1990, for the second quarter it would be 4.8 percent; and for the third quarter it would be 4.5 percent; and for the last quarter prices would increase by less than 3 percent.¹²⁸¹ This meant, according to the draft, that inflation would be curbed significantly in the first quarter.¹²⁸²

Like the rest of Soviet Union Bloc, Poland had embarked on a process of heavy industrialization and had borrowed heavily from Western Europe to find itself on the edge of an economic crisis. It is important to note that Poland was already a member of the IMF and the World Bank in 1986. It was engaged “in preliminary and quiet membership,” and did not receive financial assistance until late 1989. Poland during that time was in a parlous economic condition and needed immediate aid from the IMF and the World Bank. A recent report by the IMF, in commemoration of the 25th anniversary of Eastern Europe transition, depicted the Polish economy in 1989 as follows:¹²⁸³

- 1- Prices were centrally administered and “fiscal deficits financed by central bank had led to near hyperinflation.”¹²⁸⁴
- 2- “Foreign exchange was rationed, with the official rate fixed at a much more appreciated rate than the market rate; the account deficit widened and Poland defaulted on external debt.”¹²⁸⁵

¹²⁸⁰ *Warsaw RZECZPOSPOLITA*, “Daily Outlines Draft 1990 Budget.” FBIS-EEU-89-236. 11 December 1989. P: 82.

¹²⁸¹ *Ibid.*

¹²⁸² *Ibid.*

¹²⁸³ For further details about different programs initiated in Eastern European countries, see this report by the IMF staff, forward written by David Lipton https://www.imf.org/external/pubs/ft/reo/2014/eur/eng/pdf/erei_sr_102414.pdf

¹²⁸⁴ *Ibid.*, 11.

¹²⁸⁵ *Ibid.*

- 3- Labor market was suffering from over-employment and ownership was controlled by the state.¹²⁸⁶

Balcerowicz's task was to carry out an unprecedented transformation of the economic system from a planned socialist economy to a free market economy. According to Balcerowicz, "Both comparative analyses and simple observation show that free market economy of free competition open to the world is decidedly superior to any kind of centralized economy. I realized this long before 1980."¹²⁸⁷ One of the major difficulties Balcerowicz faced was the decision on which reform to start with, whether to start with hyperinflation or with institutional reforms, particularly privatization and land reform. International financial institutions came to the rescue of Poland's economic system prior to January 1990. Loans from these institutions were used to restore Poland's creditworthiness to attract foreign private capital. International advisors came to advise and help with Poland's radical economic reform. Foreign advisors included economists with Polish origins, usually called "Polonia academics and Polonia economists."¹²⁸⁸ According to one of Balcerowicz's aides, "of course foreign expertise meant a lot, but the decisions to implement a policy of radical reform were Polish."¹²⁸⁹ IMF loans come with conditions, in particular, a proof of economic stabilization. However, it was the government's decision first and foremost to make that choice. As stated by Poland's Foreign Minister, Kzysztow Kubiszewski, that "if the adoption of those conditions by the government,¹²⁹⁰ - and I confirm that the government

¹²⁸⁶ https://www.imf.org/external/pubs/ft/reo/2014/eur/eng/pdf/erei_sr_102414.pdf P: 11.

¹²⁸⁷ Balcerowicz interview in Madrid, date not given. *Madrid DIARIO*, "Balcerowicz on Transition to market Economy." FBIS-EEU-89-240. 15 December 1989. P: 62.

¹²⁸⁸ Richard J. Hunter and Leo V. Ryan, "A Transitional Analysis of the Polish Economy: After Fifteen Years, Still a work in Progress, *Global Economy Journal* 5, no.2 (2005): 5.

¹²⁸⁹ *Stockholm SVENSKA DAGBLADET*, "Balcerowicz Discusses Economic Priorities." FBIS-EEU-90-112. 11 June 1990. P: 68. An interview with Leszek Balcerowicz by Cecilia Stego, date not given.

¹²⁹⁰ Question asked by BBC reporter to Foreign Minister: "the IMF has insisted upon certain conditions being met: that you impose an incomes policy; that you have a tighter monetary policy; that you have an exchange

adopted them - causes any political troubles, it is still difficult to say...there is no alternative in Poland to the existing government... and I think the people will accept that because we hope that the first results will be visible in the second half of 1990.”¹²⁹¹

Timing was a major factor, for Balcerowicz. If Poland was to achieve efficiency and prosperity, it needed to dismantle old institutions and build new ones resembling those in Western Europe. Advocates of free-market capitalism had found an opportunity after political transition took place in Poland, leading to the collapse of Communist rule. The government from the outset, was not interested in implementing any model of gradual reform of the socialist economy, or what is called market socialism.¹²⁹² Advocates of market socialism came from reformists in the Communist Party and intellectuals from the underground opposition. However, the collapse of Communist Party and the formation of a new non-PZPR government, led to the rise of economists embracing capitalism. Several supporters for market socialism abandoned their vision of combining the best elements of socialism and capitalism in the form of market socialism, and became advocates for market capitalism. The reason, according to Thomas E. Weisskopf, was that “once the ideological barriers to full-fledged capitalism came tumbling down with the Berlin Wall, most intellectuals and professionals abandoned the project of reforming socialism and joined the movement to build a new capitalism in their nations.”¹²⁹³ Political transition, as argued in this chapter, led to sudden systemic change in Poland in 1989. Alternative models of economic reform such as market socialism and workers’ self-management were lost amid the fast pace of change that took

rate policy. Politically, aren’t some of those going to cause you grave problems in Poland?” London BBC Television Network, “First Results in Economy Expected Mid-1990.” FBIS-EEU-89-240. 15 December 1989. P: 64-65.

¹²⁹¹ *BBC Television Interview* with Poland Foreign Minister Kzysztotf Kubiszewski in December 13, 1989. FBIS-EEU-89-240. 15 December 1989. P: 64-65.

¹²⁹² *Ibid.*

¹²⁹³ Thomas E. Weisskopf, “The Prospects for Democratic Market Socialism in the East,” published in Erik O. Wright (ed.), *Equal Shares: Making Market Socialism Work* (Verso Books, 1996), 4.

place in a short period of time. Self-management, once the major demand from Solidarność, as declared in its first National Congress in September 1981, was abandoned. The self-management movement was well established in Poland before 1989, with its own association and weekly journal.¹²⁹⁴ When the government announced its economic reform program - the Balcerowicz Plan - self-management activists “abandoned the old concept of workers’ councils and stepped forward with a whole range of initiatives and concepts that fitted within the new framework, but at the same time maintained certain values of employees participation in the enterprises.”¹²⁹⁵ Some economists, especially leftists, criticized the government’s economic program as being too radical and too fast. For Tadeusz Kowalik, “the novelty of the situation in Poland is that the labour movement did not confront a stronger, better organized force. A fully fledged capitalist conditions where a bourgeois class and its organized representation were non-existent. Thus the new rulers were anticipating the future in creating the foundations of a new system favourable to the middle-class-to-be.”¹²⁹⁶

Mazowiecki searched for a government of experts to handle the severe economic situation in Poland. Lech Wałęsa, therefore, offered a protective shield to support the government economic program. He called for society to support the government and to start building a new democratic and capitalist system in Poland. Speaking to Polish society, he said “everything depends on you.... The system crippled us. Everyone can speak but is unable to act. Set up parties, create programmes, settle your things and fight for power because neither Wałęsa nor Mazowiecki can do this for you, you must do it yourself.”¹²⁹⁷

¹²⁹⁴ Tadeusz Kowalik, “Why the Social Democratic Option Failed: Poland’s Experience of Systemic Change.” *In Social Democracy in Neoliberal Times: The Left and Economic Policy Since 1980*, edited by Andrew Glyn, pp 223-252, (Oxford University Press, 2001): 234.

¹²⁹⁵ Ibid.

¹²⁹⁶ Ibid., 224.

¹²⁹⁷ Lech Wałęsa on “Leftist Parties, Threat or Anarchy,” reported by *Warsaw PAP*, in February 1, 1990. FBIS-EEU-90-023. 1 February 1989.

Constitutional Changes

The political institutional change started after the conclusion of the ‘roundtable’ and accelerated after the formation of the first non-Communist government. One of the pivotal changes was the amendment of the constitution that reflected the new political and economic realities in Poland after the destruction of its old system. During Poland’s democratic transition, several changes in institutional settings had to be established. Among them an urgent need to amend Poland’s constitution to reflect the new realities.

The major article amended was Article (1) which reads: “The Polish People’s Republic is a socialist state. In the Polish People’s Republic power is vested in the working people of the cities and villages....”¹²⁹⁸ But the new amended Article instead reads: “The Polish Republic is a democratic state and subject to the rule of law. In the Polish Republic the supreme authority is vested in the Nation.”¹²⁹⁹ Suggested amendments introduced by the *Sejm*, among these changes were the following statements that would reflect the political and economic liberalization of the new institutional changes:¹³⁰⁰

1. “The people exercise state authority via their elected representatives in the Sejm, Senate, and People’s councils, and this authority is also exercised by means of a direct expression of the will of the people in the forms of referendums.”¹³⁰¹ This statement indicates the type of democratic institutions to be established.

¹²⁹⁸ Amendment of Polish constitution published on December 31, 1989, in the Official Gazette and signed by Wojciech Jaruzelski. *TYGODNIK SOLIDARNOSC*, “Commentary Views Constitutional Amendments.” FBIS-EEU-90-042. 2 March 1990. P: 61.

¹²⁹⁹ Ibid.

¹³⁰⁰ *Warsaw RZECZPOSPOLITA*, “Polish Constitutional Changes Viewed.” FBIS-EEU-90-004. 5 January 1990. P: 56-57.

¹³⁰¹ Ibid., 57.

2. “There is a freedom to associate oneself with political parties, the sole restriction on this freedom being the Constitutional Tribunal’s power to dissolve any party whose activity clashes with the constitutions.”¹³⁰² This provision, also included in the ‘roundtable’ agreement, allowed for the creation and legalization of political parties.
3. “The Polish Republic guarantees economic freedom regardless of forms of ownership, and this freedom can only be restricted by an act of parliament.”¹³⁰³

Constitutional changes had eliminated the role of Communist Party in the political and economic sphere. It eliminated any chance for the Party to retain any power because new rules of the game had been established. The Communist Party’s monopoly over economic management was a major reason for the drastic shift to a capitalist market economy.

The first year (1990)

There were rapid price increases by the second half of 1989. The purchasing power of the zloty decreased. Employment in the public sector, according to GUS reports, amounted to 17.3 million people, and the number of people working in the private sector had increased by 27 percent, from 1,179,000 in 1988 to 1,500,000 in 1989.¹³⁰⁴ The cost of living had also risen

¹³⁰² Ibid.

¹³⁰³ Ibid.

¹³⁰⁴ *Warsaw PAP*, “GUS Issues 1989 Socioeconomic Report.” FBIS-EEU-90-022. 1 February 1990. P:

by 254 percent compared with 1988.¹³⁰⁵ In addition, Poland's foreign debt by the end of November reached 5.9 billion and its hard currency debt had reached 40 billion dollars.¹³⁰⁶ With regard to employment, the number of unemployed was 9,600 in the fourth quarter of 1989, and by January 1990 this number had risen to almost 55,800 unemployed.¹³⁰⁷ In February of the same year this number had tripled and reached 152,190 unemployed persons.¹³⁰⁸ By the end of March, the number had jumped to 266,000 unemployed persons.¹³⁰⁹

In January of 1990, the government commenced its program of shock therapy with two aims, curbing inflation ("a war on inflation")¹³¹⁰ and ownership transformation through privatization of state enterprises. The ideas behind the stabilization program were: to overcome inflation; open the economy for foreign capital and competition; liberalize prices to reflect market prices; and to eliminate shortage.¹³¹¹ Increase in prices were observed in the first six months of 1990 in the basic national economy. Retail prices rose more than other

¹³⁰⁵ Ibid.

¹³⁰⁶ Ibid.

¹³⁰⁷ *Warsaw PAP*, under the title "Relations Between Walesa, Government 'Good.'" FBIS-EEU-90-024. 5 February 1989. P: 54.

¹³⁰⁸ *Warsaw PAP*, "Government Spokeswoman on Foreign Policy, Economy." FBIS-EEU-90-043. 5 March 1990. P: 54-56.

¹³⁰⁹ *Warsaw TRYBUNA*, "Unemployment Reaches 266,000 at the End of Mar." FBIS-EEU-90-066. 5 April 1990. P: 47.

¹³¹⁰ *Warsaw POLITYKA*, "Finance Minister Comments on 'Balcerowicz Program.'" FBIS-EEU-90-008. 11 January 1990. P: 62-66. Balcerowicz had clearly identified the severe impact of the new program in the society, in his interview with *Polityka* when he was asked "What sacrifices? We keep talking in general terms about bankruptcies, unemployment, and decreased consumption. Can we specify in concrete terms what we will have to cope with during, say, the next 6 month?" In response Balcerowicz said: "we do not expect any drastic decrease in consumption-certainly not in comparison with what occur if we continued to procrastinate. Se why do we insist that our program for economic recovery is going to be hard? Well, the first indication that its implementation has started-and that is what you were asking about-will be a shortage of funds in enterprises, and this is something few people are willing to believe at the moment. Certain enterprises will soon have to face the necessity of cutting their costs and keeping wages low, and possibly they will even have to consider the prospect of bankruptcy. No one has yet managed to do away with inflation without having to turn off the money taps." He said also that the situation changed and that "many people can expect to realize that they can no longer afford to live as they used to and that they will have to reduce consumption. This is why we are preparing a parallel program of targeted social welfare assistance to be able to intervene in those areas where it will become necessary." Ibid., 63.

¹³¹¹ Alina Hyz, and Grigorios Gikas. "Economic Transformation of Poland: Basic Problems and Opportunities," *Applied Research Review* II, no (1995): 194.

branches of the national economy in the first half of 1990.¹³¹² In March of the same year, the rate of retail prices slowed down, but still continued to averaged out at 4.9 percent per month.¹³¹³ Table 6.7 shows the price increases in different sectors in Poland's national economy.¹³¹⁴

Table 6.7: Prices from January to June of 1990, compared to 1989:¹³¹⁵

	1990								
	1	2	3	4	5	6			1-6
	(previous month equals 100)						A	b	c
Production Prices:									
-Industry	209.8	109.5	99.8	102.1	100.5	101.4	238.5	1170.6	1315.2
-Building	148.9	120.8	112.6	101.4	103.8	101.8	217.0	907.2	989.3
Transaction prices									
-Export	185.8	102.7	100.1	99.9	99.2	101.0	191.2	1055.2	1245.4
-Import	210.2	103.2	104.5	102.9	99.1	99.6	230.3	1005.5	1245.4
Retail prices of consumer goods and services:	178.6	123.9	104.7	108.1	105.0	103.4	269.8	1151.2	1182.7
-Food	179.0	118.1	100.0	112.4	105.4	101.8	253.6	1382.9	1498.8
-Alcohol	141.0	126.8	101.5	103.2	100.9	102.2	195.2	1005.6	1078.9

¹³¹² Ibid.

¹³¹³ Ibid.

¹³¹⁴ Data published by the Main Statistical Office on Poland socioeconomic situation in the first half of 1990. To see the full report, return to *Warsaw RZECZPOSPOLITA*, "Mid-year Economic Performance Results Published." FBIS-EEU-90-157. 14 August 1990. P: 25-41.

¹³¹⁵ Ibid., 31.

-Non-food	172.3	132.4	110.3	106.1	103.8	103.4	278.8	1008.8	1033.9
-Service	249.0	116.6	104.6	106.1	110.5	108.5	374.3	1202.3	1127.2
(a -Dec 1989-100; b –Jun 1989; c –Jan-Jun 1989-100)									

In the words of Balcerowicz, the “first stage of our program will provide for the so-called corrective inflation. This involves adjusting the prices of raw materials, introducing uniform currency exchange rates.”¹³¹⁶ Increase in the prices of consumer goods was expected for the first few months, and then the prices should reflect the real supply and demands mechanism in the market. Poland trade prior to the implementation of ‘Balcerowicz Plan’ was mainly directed toward the USSR and Eastern Europe. Thus, the plan aimed at opening Poland to foreign trade.

Poland inherited economic deficiencies from 45 years of central planning, with an accumulation of foreign debt, which had brought it to the edge of collapse in 1989. Poland, thus, started the year of 1990 with a struggling economic system alongside political institutional changes. During the period of state socialism, the government lost credibility as the sole actor in the economic sphere. At the time of political transition, with the collapse Communist rule, a new opportunity emerged for radical reform with support from the public. Liberals played an important role here. The society was also ready to make sacrifices in order to see economic efficiency. They therefore supported *Solidarność*’s new policies for economic and institutional reform. In a poll conducted by the Public Opinion Research Center, almost 86 percent agreed with Prime Minister Tadeusz Mazowiecki on the need to proceed with economic change at a fast pace, and 80 percent answered that the state had to protect and

¹³¹⁶ *Warsaw POLITYKA*, “Finance Minister Comments on ‘Balcerowicz Program.’” FBIS-EEU-90-008. 11 January 1990. P: 62-66.

assist the poorest people who will be affected the worst by this radical change in their living standards.¹³¹⁷

Public support shielded the Solidarność government, at least in the first six months of economic reform, and saved it from backlashes and protests of workers. It is important here to note that Wałęsa was the major advocate for radical reform and had argued several times for the need to ‘accelerate’ the process of market reform. For Solidarność members in the government (not all of Solidarność members supported the policies of radical reform, among them prominent leftist economist, Tadeusz Kowalik), the return to capitalism was a return to the roots of the country and a return to Europe.

The Solidarność government at the beginning of 1990 had at its disposal a great capital of social confidence. By January 25, the *Sejm* had passed a law on the formation of local self-government.¹³¹⁸ The new law on local self-government in a given territory would have legal status and would run its own budget and assets. Self-government in rural communities would be the major authority in dealing with local issues and with daily tasks. The law also indicated that local elections would be conducted in a democratic way through equal, secret and direct elections.¹³¹⁹ General Jaruzelski saw the reintroduction of the idea of local self-government as “representing the will of the resident, should play well the role of the host of a given area. These changes ought to be consistent with the general concept of political and economic transformations, while helping implement the difficult tasks

¹³¹⁷ *Warsaw Domestic Service*, “Opinion Poll Results on Economic Reform.” FBIS-EEU-90-003. 4 January 1990. P: 69.

¹³¹⁸ *Warsaw PAP*, “25 Jan Sejm Discusses Local Self-Government.” FBIS-EEU-90-020. 30 January 1990. P: 51-52.

¹³¹⁹ *Ibid.*

undertaken by the government headed by Prime Minister Tadeusz Mazowiecki.”¹³²⁰ The idea of local self-government will be discussed further in this chapter.

Economic restructuring led to several strikes and protests. Workers were most affected by the ‘Balcerowicz Plan.’ Attacks on the government new economic policy came from workers in the Gdansk and Gdynia shipyards and other enterprises. Price rises and massive unemployment had exaggerated the situation. As one of the Gdynia shipyard workers, Wieslaw Wodyk, said attacking Balcerowicz program in August during Mazowiecki visit to the shipyard:¹³²¹

Your program, the Balcerowicz program, claims to fight inflation. That may be, but to the detriment of the workers. This is Nomenklatura’s program, not that of workers who brought about the changes in Poland. Stability? Yes, but at a level of very little supply, and an even less demand. Therefore, in such conditions, it is easy to say that inflation is disappearing ... Don’t be surprised if the country is apathetic: austerity against those who made the Revolution and privileges for the Nomenklatura cannot engender enthusiasm with anyone!¹³²²

Workers had accused the government of empowering the old institution of the *nomenklatura*. In addition, they attacked the government for not creating a safety net to protect workers from the harsh economic policies. The period of transition witnessed the creation of a civil society, social change, and the creation of a multiparty political system. Several parties were formed with different political and economic orientations. The situation was hard for workers and created major social problems. The table below shows the first stage of the Balcerowicz plan with its assumed and actual results in 1990.

¹³²⁰ *Warsaw PAP*, “Jaruzelski on Local Self-Government Bill.” FBIS-EEU-90-020. 30 January 1990. P: 49.

¹³²¹ Jacques Cheminade, “Gdansk Workers confront Mazowiecki, attack Balcerowicz Plan.” *EIR* 17, no.37 (September 1990): 13.

¹³²² *Ibid.*

Table 6.8: Stabilization Program in Poland in 1990:¹³²³

Rates of Growth (in percent)	Assumptions	Results
Industrial Production	-5	-25
Unemployment Rate	2	6.3
Inflation (consumer price index)	60	580
Gross National Product	-3	-18
Real Earnings	-20	130
Trade Balance (billions of dollars)	-0.8	+2.2

Nobody predicted the developments that took place in 1989 that would result in a change of the socio-political system in a short period of time. Since January 1, the new non-Communist government had been implementing a radical economic program to remedy the long-standing economic crisis. Unlike other economic reform plans, this new program did not aim to improve the planned socialist economic system, instead it aimed to restructure the whole system. In this new economic system, the role of the state was limited - “it is no longer the supermanager of a superfactory, the main boss and the main controller, the main storekeeper and main distributor of goods and services.”¹³²⁴ Wałęsa approved the government’s direction of economic reform and urged the government to proceed quickly. He stated that “the direction chosen today by the government is the only right one for Poland. All

¹³²³ Original Source: Central Statistical Office and National Bank of Poland. Cited in Grzegorz W. Kolodko and Michal Rutkowski, “The Problem of Transition from a Socialist to a Free Market Economy: The Case of Poland, *The Journal of Social, Political and Economic Studies* 16, no.2, (1991).

¹³²⁴ *Warsaw Domestic Service*, “Mazowiecki Address Sejm 18 Jan.” FBIS-EEU-90-013. 19 January 1990. P: 53.

people around me, especially those from the West tell me so, I support the government and will support it.”¹³²⁵

The implementation of the Balcerowicz Plan coincided with harsh and bad winter, which resulted in an even more severe impact on people's lives, especially the needy. In addition, the number of people falling under the poverty line was “growing rapidly.”¹³²⁶ Food prices rose unexpectedly and led, according to different polls, to more than 40 percent of families saying that their “diet are worse and that they have great difficulties in maintaining their level of consumption.”¹³²⁷ Even Jacek Kuroń admitted in a press conference that he had failed to tackle food prices. Jacek Kuroń approved of the government's economic reforms when he was the Minister of Labor and Social Policy, but he became one of the major opponents of Poland's transformation when he left the government. For Kuroń, self-management activists were well trained and “should have been seen as partners,”¹³²⁸ but they were marginalized in the process of Poland's transformation.

¹³²⁵ *Warsaw PAP*, “Views Elections, Presidency.” FBIS-EEU-90-013. 19 January 1990. P: 61.

¹³²⁶ *Paris AFP*, “Poles Face Hunger, Unemployment.” FBIS-EEU-90-013. 19 January 1990. P: 61. A description of the situation by one of the officials showed how severe was the situation: “people in the soup kitchens wolf down their food, not wishing to be seen taking charity. Sometimes they bring a pot to take home the dishes.” Ibid.

¹³²⁷ *Warsaw Domestic Service*, “Kuron Admits ‘Defeat’ on Food Prices.” FBIS-EEU-90-018. 26 January 1990. P: 72. Leszek Balcerowicz also expressed his awareness of the consequences of his program. He stated several times, “I think the program affects almost all the groups of the society because it is impossible to implement successfully a difficult plan of extrication out of inflation without certain inconvenience, without serious inconvenience for some groups. I am aware of this, and I am really sorry that the situation of some social groups is really difficult. We have been trying to counteract this situation, and are still doing so, through subsidizing and developing various forms of voluntary assistance, through continuing to maintain subsidies to some prices, so that there is access, for instance, to cheap milk. I am aware, however, that the state with its current financial possibilities is not able to create a situation where there would be no instances of clear decline in the standard of living and that is why among other things we count on various forms of public involvement on the part of those who are better off.” *Warsaw Television Service*, “Balcerowicz Interview on Economic Program.” FBIS-EEU-90-01-018. 26 January 1990. P: 73-74.

¹³²⁸ Jacek Kuroń cited in Tadeusz Kowalik, “Poland Sudden Shift to the Right: Some Tentative Remarks.” Accessed online through http://www.raumplanung.tudortmund.de/irpud/presom/fileadmin/docs/presom/external/12th_workshop/Kowalik.pdf P: 7.

The OPZZ signaled its rejection of the new program that aimed at dissolving the socialism system and replacing it with a capitalist one. It argued that Poland needed strong left wing programs “that are firmly rooted in the Polish tradition and in the realities of the present, and which articulate the aspirations, interest, and fears of the world of labor.”¹³²⁹ They concluded their statement by stating that “we are in favor of democracy and a market economy, but democracy without the exercise of patronage by the right and a market economy that also gives chances to those who have not amassed fortunes.”¹³³⁰ Strikes increased with the implementation of ‘Balcerowicz Plan.’ In Czerwone Zagłębie, Niwka Modrzejow, Thorez, Walbrzych and Victoria miners were on strike because of the drop in miners’ wages.¹³³¹

It was clear that the planner of this program were very well aware of the social, political and economic results of the economic shock. It was during the euphoria of transition that the program was perceived as a valid alternative to a state planned economy. It was a model that had been tried and tested in Western Europe and had proved its efficiency. As Mazowiecki said: “we never promised an easy path. From the outset we warned that it had never been possible to stifle inflation without serious social pain. We had to make the

¹³²⁹ *Warsaw TRYBUNA LUDU*, “OPZZ Party Congress Delegates Issue Statement.” FBIS-EEU-90-017. 25 January 1990. P: 70. OPZZ presented their alternative social-economic program that consisted of three major points, 1) “changes in ownership that will give a greater say to the world of labor and protect our common assets from being plundered by our own parvenus and foreign predators seeking easy profits;” 2) “distributing the costs of emerging crisis in a way that will not ruin the world of labor, but will primarily affect those who have made fortunes by exploiting the economic chaos. The distribution of the costs entailed by the crisis should be the subject of a social contract between representatives of employers;” 3) and “a social policy that will prevent the wholesale destruction of health care, education, culture, recreation, and housing.” *Ibid.*

¹³³⁰ *Ibid.*

¹³³¹ *Warsaw PAP*, “Five Mines Continue Strike.” FBIS-EEU-90-017. 25 January 1990. P: 71.

decision to work simultaneously to stabilize the economy and to restructure entire economic system.”¹³³²

With the political transition that took place after the election of June 1989, new parties and interest groups were formed. In particular, the PZPR formed a new party called Social Democracy for the Republic of Poland¹³³³ in January 1990. 1989 “was a watershed for Poland. The year of 1990 will be a watershed for the Left”¹³³⁴ said Mieczysław F. Rakowski in January 1990. As discussed earlier, the PZPR suffered from an identity crisis after its humiliating defeat in the June elections. This crisis spurred Communist Party members to adopt a renewal strategy. This strategy aimed to convert the old Communist Party into a social democratic one. The new social democratic party tried to detach itself from old Communist dogma and doctrine.

Restoring the capitalist and democratic system in Poland was perceived as the road required for integration between Western and Eastern Europe. A return to Europe became a goal for Poland - to resemble the rest of Western Europe by adopting similar political and economic institutions and was seen as a pre-requisite for Poland’s admission to the European Economic Community. On the other hand, Poland’s heavy foreign debt burden had taken a new turn in 1990.¹³³⁵ In February, the Paris Club and Poland signed an agreement

¹³³² *Warsaw Domestic Service*, “Mazowiecki Delivers Formal Resignation Speech.” Speech by Prime Minister Tadeusz Mazowiecki at the *Sejm* Session in Warsaw. FBIS-EEU-90-242. 17 December 1990. P: 43.

¹³³³ The Central Committee of the PZPR had put several names for the new Party and hold opinion poll concerning this matter. The name suggested were, 1) the Socialist Party of Poland; 2) the Socialist Working People’s Party; 3) the Socialist-Democratic Party of Poland; 4) the Polish Working People’s Party; 5) the Polish Socialist Left-Wing Party; and 6) the Polish Labor Party. Respondents chose the name Social Democracy for the Republic of Poland. *Warsaw TRYBUNA LUDU*, “Opinion Poll on Name for New Party.” FBIS-EEU-90-010. 17 January 1990. P: 67.

¹³³⁴ *Warsaw TRYBUNA LUDU*, “Rakowski Issues Statement on New Party.” FBIS-EEU-90-011. 17 January 1990. P: 59-61.

¹³³⁵ “Poland’s overall debt in hard currency totals about 40 billion dollars of which 27 billion are associated with credits guaranteed by the governments of 17 Western countries (the Paris Club) and the interest on them. About 9 billion dollars is debt owed to Western commercial banks (the London Club) and 4 billion dollars falls

rescheduling almost 10 billion dollars of Polish debt to the Paris Club creditors. The 10 billion dollars, which had been due to be paid by March 1991, were now to be paid back over 14 years with 8 year grace period.¹³³⁶ In total, Poland owed 27 billion dollars to members of the Paris Club.¹³³⁷ The final statement of the agreement read: “the representatives of the 17 member states of the Club took into account efforts taken by Poland’s government with a view to restoring economy as well as historic significant of the great transformations now under way in the Polish Government’s economic programme supported also by the International Monetary Fund.”¹³³⁸

Balcerowicz’s first plan of stabilization had achieved its goal to varying degrees. The stabilization plan was aimed at combating rampant inflation, chronic shortage of goods and convertibility of the zloty. The program, as stated by Balcerowicz “is the first-ever attempt to pass from an economy based on state monopoly to a market economy such that exists in Western countries.”¹³³⁹ The plan succeeded in bringing the high rate of inflation under control

to other creditors, including dollar debts owed to the Soviet Union and CMEA banks,” said Jan Boniuk, director of the Foreign Department of the Ministry of Finance. *Warsaw PAP*, “Finance Ministry Official on Debt Repayment.” FBIS-EEU-90-035. 21 February 1990. P: 38.

¹³³⁶ *Warsaw PAP*, “Agreement Creates 14-Year Debt Rescheduling.” FBIS-EEU-90-035. 21 February 1990. P: 38. The agreement signed by the chairman of the Paris Club, Jean Claude Trichet and Poland’s Finance Vice Minister Janusz Sawicki.

¹³³⁷ Ibid.

¹³³⁸ Ibid.

¹³³⁹ *Warsaw RZECZPOSPOLITA*, “Finance Minister Introduces Privatization Bill.” FBIS-EEU-90-077. 20 April 1990. P: 49. In his speech addressed to the Sejm on April 5, 1990, Balcerowicz described the choices he had when he with other economists chose the radical approach to a market economy. Balcerowicz said “I will recall that when we began drawing up the program last year, we faced the question of whether to carry out deep-cutting institutional changes and tolerate high and growing inflation for a long time, or to take to task inflation before everything for else while initiating and – with the growing stabilization in the economy- expanding changes in the system. Neither of those was a risk free road. However, the former posed the danger of hyperinflation which would bring chaos to the Polish economy. That, in turn, would make successful institutional reforms simply impossible. In such a situation, for example, nobody would be able to determine the value of the assets of privatized enterprises. So, we opted for the other road, which is likewise painful for our society, a road on which it must have a lot of patience but one which is more certain and offers a much greater opportunity to succeed.” Ibid. During his speech, Balcerowicz presented both the advantages and disadvantages of transition to market economy and stressed the need to pass a new law on economic ownership transformation by the *Sejm*.

in the first few months of 1990. The zloty also had been successfully converted and stabilized. Consumer goods became available without long queues at the shops.

The second stage of the economic reform involved ownership transformation. Public ownership had dominated the whole economy during the period of state socialism. One of the major aims of the transition to a market economy was, therefore, privatization. Private property during the socialist period “was strictly derogatory, and a caricature of it was used for intimidation.”¹³⁴⁰ Privatization had already begun in January 1990, but it was introduced gradually, with small/ spontaneous privatization. The purpose of this minor privatization (building plots, apartments, small commercial enterprises, etc.) was to “supply the means of production for small enterprises.”¹³⁴¹ The biggest issue facing the Polish economy now was how to privatize larger enterprises. The process of privatization came in several steps to gradually open up the economy and allow foreign capital to invest in Poland. The period from first of January until May was called the first ‘stabilization stage’ of the Balcerowicz plan. By June the government had started working on privatization bills and on July 13 the *Sejm* passed the Privatization Act.¹³⁴² Balcerowicz had emphasized the importance of pursuing different forms of privatization and ownership transformation. The interview below (Box 6.3) presents the view of Prime Minister Mazowiecki after the commencement of Balcerowicz Plan. In this interview Mazowiecki discusses why *Solidarność* deviated from the agreed upon economic reform plan at the ‘roundtable.’

¹³⁴⁰ Ibid., 53.

¹³⁴¹ Ibid.

¹³⁴² Bronislaw Oyrzanowski and Magda Paleczny-Zapp, “From One Economic Ideology to Another: Poland's Transition from Socialism to Capitalism,” *International Journal of Politics, Culture, and Society* 7, no.1 (1993): 49

Box 6.3: Mazowiecki interview in 1990 about ‘Balcerowicz Plan.’¹³⁴³

HORIZONT: The Sejm discussed your government’s economic program for 1990 recently. Could you please explain to our readers the principles of your economic policy?

Mazowiecki: The Polish economy was in such a deep crisis that it was impossible to continue the policy of cosmetic reforms in some areas. We had to consider a deep incision, aimed at improvement, and an equally deep restructuring of the economic system. Our program consists of *two basic stages - a stabilizing and a system-oriented stage* [system institutional changes]. The stage of stabilization is above all supposed to be a period in which we will choke inflation or even hyperinflation, which is a heritage of the economic policy pursued by the preceding governments. Second, we want to *balance our budget* in this period. Stabilization requires a tough monetary policy - “empty” money will no longer be issued, and *most subsidies will be abolished*, connected with a considerable price increase, particularly for fuel and energy... the program requires *deregulating prices and freezing wages, a strict tax policy, and a payment of interest on credits....* We have introduced the *internal convertibility of the zloty*, which means that enterprises or individuals can pay in zlotys at a bank....

The second stage, system-oriented changes will be made. They have already started with the transition from the centrally controlled economy to market economy...[this stage include restructuring of ownership, that is-privatization].

HORIZONT: You demand substantial scarifies of the working people. Why are you so confident that the Polish people will go along with you on this road?

Mazowiecki: We expect not only the workers but the entire society to make sacrifices, which may not be as large as the statistics suggest...workers, peasants, the intelligentsia, and artisans... if the Poles have been able to sacrifice their lives in the fight for their country, they will also be able to fight for their country, they will also be able to fight for their country by sacrificing part of their living standards - if only for a certain period of time.

HORIZONT: Mieczysław Rakowski, first secretary of the Polish United Workers Party (PZPR), accused your government of moving away from the “roundtable” agreements. What do you think about this approach?

Mazowiecki: When we sat down at the “roundtable” nobody foresaw the explosion of hyperinflation, which set in a little later and reached several dozen percent every month. Therefore, it was absolutely impossible to literally keep to all agreements. Mr. Rakowski is surely aware of that...

¹³⁴³ *East Berlin HORIZONT*, “Mazowiecki on 1990 Economic Program.” FBIS-EEU-90-018. The interview entitled “I rely on our people’s patriotism,” conducted by *HORIZONT* journalist, (name of the interviewer ia not provided in the report). Translated from German and reported in Foreign Broadcast Daily Report in January 1990. To see the whole interview, return to the same source FBIS translated report. Only parts of the interview provided here.

HORIZONT: You sat at the “roundtable” yourself and were responsible for trade union affairs. You were one of the advisors to Solidarity, which was founded at that time. What relationship do you as prime minister have with the various trade unions in your country?

Mazowiecki: You know that as a politician I have come from the Solidarity movement, therefore I am very familiar with trade union affairs. Our government discusses all important economic decisions with the trade unions, both with Solidarity and with the OPZZ (National Trade Union Confederation), as well as Rural Solidarity. These are no easy talks. That is clear. We want the trade unions to see how complicated the situation generally is, and to not only consider the short-term prospects of those groups of workers whom they represent. Of course, it is easier for us to negotiate with Solidarity than with the OPZZ...

Note: (Italics added).

As Box 6.3 shows, Mazowiecki believed that economic restructuring to a free market was the only alternative to Poland’s central planning system. The first years of Communist hegemony in Poland after World War II had led to collectivization and heavy reliance on industrialization. State control over the economy, beside its political monopoly, created a system that stifled any efforts at reform in the economic and political spheres. Lacking confidence in the Communist Party, and aware of the impossibility of regaining social confidence, the government had brought the opposition to talks through a pact agreement in February to April. The semi-democratic elections had produced unexpected results, bringing a new era in Poland history. This new political reality signified society’s inclination to adopt a new system that deviated from the practices of the old regime. Thus, the policies initiated by Mazowiecki were welcomed by society in this period of transition.

The ‘roundtable’ agreements were conducted at a time when the political and economic setting was different to the one that resulted after the June elections and the selection of Mazowiecki as the first non-Communist Prime Minister. The socio-political and

economic reform agendas agreed upon at the ‘roundtable’ talks changed after transition took place.

The resurrection of the idea of Local Self-Government

One of the major developments in Poland in late 1988, and discussed further in 1989, was the revival of the idea of local self-government, which was a breakthrough development in Poland's contemporary political and economic history. One of the major initiators of the idea of local self-government was Senator Jerzy Regulski. Regulski was the principal negotiator on the opposition- Solidarność side on the Local Government Reform table during the ‘roundtable’ talks, and he became Senator and Minister in charge of the Local Government Reform in 1989-1991.¹³⁴⁴ The idea itself has a long history in Poland, and reemerged with the birth of Solidarność trade union in 1980-81, but never materialized until the great transformation that took place in 1989-90. There were several reasons associated with the Communist Party's resistance to restoring the idea of local self-governance. The first reason, which was to do with ideological constraint, stemmed from the idea of “a unitary state authority.”¹³⁴⁵ The second reason was associated with government control over the economic and political management of the country, therefore, authentic local self-government would not be possible with government interference and involvement in local governance bodies.¹³⁴⁶ The third problem was associated with the hegemony of central administration.¹³⁴⁷ The fourth

¹³⁴⁴ Jerzy Regulski, *Local Government Reform in Poland: An Insider's Story* (Open Society Institute, 2003), 7. Regulski is a graduate from Warsaw Higher School of Technology, and professor of technical sciences. He was a member of Citizens' Committee and co-chairman of the ‘roundtable’ team for self-government. In 1989, he was a Senator and a chairman of the Senate Committee for Self-government. *Warsaw PAP*, “Regulski Appointed Self-Government Plenipotentiary.” FBIS-EEU-89-185. 26 September 1989. P: 42.

¹³⁴⁵ *Ibid.*, 33.

¹³⁴⁶ *Ibid.*

¹³⁴⁷ *Ibid.*

constraint to local self-governance under state socialism was the Party's fear of democracy and the threat to its position and privileges under the democratic system, as Regulski argued.¹³⁴⁸

Local self-government as envisioned, should be composed of independent bodies that are separate from state administration and control. Self-government should also have its own executive organs and its own local property and budget.¹³⁴⁹ The table below shows a chronological description written by Jerzy Regulski, describing the development of the idea of Local Self-Government in Poland since 1945.

Table 6.9: Chronology of the idea of Local Self-government in Poland since 1945:¹³⁵⁰

Year	Status of Local Self-Government
1945-1988	-First reform drafted for Local Self-government. -First advocates for the idea of Local Self-Government emerged. -Studies about Local Self-government emerged without materialization from Communist Party. ¹³⁵¹
Mid 1988 to June 1989	-The roundtable agreement. -The formation of Citizens' Committee. -"a period when political will coalesced around a concrete

¹³⁴⁸ Ibid.

¹³⁴⁹ *Warsaw PAP*, "Senate Discusses Local Self-Government Issue." FBIS-EEU-89-151. 8 August 1989. P: 40-41.

¹³⁵⁰ Jerzy Regulski, *Local Government Reform in Poland: An Insider's Story* (Open Society Institute, 2003), 12. This is an abridge chronology of the events, I limited the table to 1992 here, to see a detailed analysis about the emergence of the idea of local self-government, see Jerzy Regulski, *Local Government Reform in Poland: An Insider's Story* (Open Society Institute, 2003). Regulski is an architect of the idea of local self-government in Poland, in his book, Regulski offered an in-depth historical analysis of local self-government reform until the year of 2000.

¹³⁵¹ Jerzy Regulski, *Local Government Reform in Poland: An Insider's Story* (Open Society Institute, 2003), 7.

	program.” ¹³⁵²
July 1989 to May 1990	-“a time of direct legislative and organizational work.” ¹³⁵³ - May 27 First free and direct local self-government elections. ¹³⁵⁴ Solidarność won the majority of seats.
June 1990 to June 1992	-“ <i>Giminas</i> came to existence and took ownership property.” ¹³⁵⁵

Regulski defined local self-government as “a statutory association, which brings together the residents of a given locality and provides them with an organized system designed to help them attain their common goals through their own effort.”¹³⁵⁶ The idea of self-government had existed in Poland since the ‘Middle Ages’ - “in the era of nobility’s rule in Poland, self-government structures did not develop because the system of serfdom limited peasants’ rights. But the tradition of municipal self-government goes back several hundred years.”¹³⁵⁷ Self-government, according to Regulski should be genuine. This means:

That municipal and parish councils should stand as true representatives of the local population instead of acting as local bodies of central state authorities, as has been the case until now [1989]. Naturally, this also precludes their subordination to some other councils of a higher rank. Self-government councils should be elected according to democratic procedures, and their executive bodies should remain under their exclusive control. This is to prevent situations in which a local authority chief executive officer is answerable to a voivoda. Self-government must retain full autonomy in relation to the state authorities. The state’s job will be to define the legislative norms underpinning the activity of self-government structures and, in certain areas, to assess their compliance with the law. In addition, self-government structures must have their own assets

¹³⁵² Ibid.

¹³⁵³ Ibid.

¹³⁵⁴ Ibid.

¹³⁵⁵ Ibid.

¹³⁵⁶ *Warsaw POLITYKA*, “Official Comments on Local Self-Government.” FBIS-EEU-89-202. 20 October 1989. P: 66.

¹³⁵⁷ Ibid.

and operate a stable financial system based on independent sources and enjoying a legally guaranteed freedom to use their money as they see fit.¹³⁵⁸

In July, the Senate discussed the legalization of the system of local self-government. The Senate Committee for Local Self-Government was assigned the task to develop the project of legislative work for the implementation of elections for rural and urban self-governments, which should create an authentic self-government with executive organs.¹³⁵⁹ Senator Jerzy Ragulski said in this session of the Senate, that was devoted to the discussion of the idea of Local Self-Government, that “the voivod (governor) should at this stage be a state official acting on behalf of the state and for the state, and a representative of the government, while the voivodship offices should be the local arms of central authorities. However, the activities of the governor must be subject to social supervision.”¹³⁶⁰ Another development of the idea of local self-government was the approval of the founding Act of Local Democracy Development Fund. The initiators of this act were Senators Andrzej Celinski, Aleksander Paszynski, Jerzy Rogulski and Jerzy Stepień and Deputy Walerian Panko.¹³⁶¹ The aim of the Act was to materialize and realize the institutional reform built on the idea of local self-government, and to increase financial and organizational support for local citizens’ groups.¹³⁶² According to Jerzy Rogulski, the new act will accelerate the reconstruction of local self-government and will accelerate the process of local elections.¹³⁶³

¹³⁵⁸ Ibid.

¹³⁵⁹ *Warsaw PAP*, “Senate Discusses Local Self-Government Issue.” FBIS-EEU-89-151. 8 August 1989. P: 40.

¹³⁶⁰ Ibid.

¹³⁶¹ *Warsaw PAP*, “Local Democracy Development Fund Founded.” FBIS-EEU-89-180. 19 September 1989. P: 55.

¹³⁶² Ibid.

¹³⁶³ Ibid.

Local Self-Government elections in 1990

One of the crucial steps in restructuring the political and economic system in Poland was the activation of the role of local self-government. As mentioned before, local self-government had existed in Poland since the ‘Middle Ages,’ and it existed in the Russian dominated part of Poland during the partition of Poland. During Communist rule, local self-government lost its presence. In late 1988, the idea of self-government came to the fore again as one of the most needed reforms in Poland. During the ‘roundtable,’ one of the sub-tables was dedicated to a discussion of local government reform.

In March 1990, the *Sejm* agreed to amend the constitution in regard to the issue of territorial self-government, in particular chapter six which was renamed “territorial self-government.”¹³⁶⁴ Among the major amended articles were:

- Article 43.1. which stated “Territorial self-government is the basic form of the organization of public life in rural community.”¹³⁶⁵
- Article 44. 2 . “the anatomy of a rural community is subject to court protection.”¹³⁶⁶
- Article 44. 3. “the rural community executes tasks ordered by government administration in scope settled by laws.”¹³⁶⁷
- Article 45. 1. “A council elected by residents of a rural community is a decision-making body of the rural community.”¹³⁶⁸
- Article 45. 2. “the council elects executive bodies of the rural community.”¹³⁶⁹

¹³⁶⁴ *Warsaw PAP*, “Sejm Amends Constitution on Self-Government.” FBIS-EEU-90-050. 14 March 1990. P: 53-54.

¹³⁶⁵ *Ibid.*, 53.

¹³⁶⁶ *Ibid.*, 53.

¹³⁶⁷ *Ibid.*

¹³⁶⁸ *Ibid.*, 54.

¹³⁶⁹ *Ibid.*, 54.

- Article 46. “the rural community has the right of property and other property rights. They make up municipal property.”¹³⁷⁰

Local self-government and its elections were a major topic of discussion of the *Sejm*. Re-establishing local self-government was perceived as building local democracy. Mazowiecki regarded the revival of local self-government as building a “grass-root democracy.”¹³⁷¹ The elections for local self-government were also conceived as a renewal of state administration. As Professor Jerzy Regulski said: “it is not the government that is holding the elections, but society.”¹³⁷²

Senator Jerzy Stepień, general electoral commissioner said also in regard to the local election of 1990 that: “it will be different in every single way,”¹³⁷³ Stepień added in a conference on 5 April 1990 that:

These will be the first completely free and democratic elections in Poland for a very long time. All the elections rules so far have restricted voting rights in a fundamental manner. These used to be institutions whose task was to make a preliminary selection of candidates. In fact, they selected local government councilors themselves. Now the only major restriction is a minimum level of support required-15 signatures in small districts, and 150 in large one.¹³⁷⁴

Solidarność urged people to vote in the local elections as they regarded them as a way to transition the political system into an authentic democratic one. Representatives of Solidarność Citizens' Committees put out an appeal calling for people to participate in the local elections. In the appeal, they stated that the local elections in May would be the first

¹³⁷⁰ Ibid., 54.

¹³⁷¹ *Warsaw PAP*, “Discusses Self-Government Further.” FBIS-EEU-90-050. 14 March 1990. P: 54.

¹³⁷² *Warsaw RZECZPOSPOLITA*, “Meeting Views Local Government Elections.” FBIS-EEU-90-061. 29 March 1990. P: 33.

¹³⁷³ *Warsaw RZECZPOSPOLITA*, “Freedom of Local Elections Previewed.” FBIS-EEU-90-075. 18 April 1990. P: 31.

¹³⁷⁴ Ibid.

democratic elections in Poland since the war, and that the participation “of every one of us in these election is a contribution to the building of local democracy.”¹³⁷⁵ Candidates from the Citizens' Committees intensified their campaign with other political parties and groups before the self-government elections which were scheduled for May 27. Thousands of various groups, organizations and parties fielded their candidates in the elections. Parties and political groups fielded more than 15 percent of the candidates. One of the most represented political parties was the Polish Peasants Party (PSL), followed by the Confederation for an Independent Poland (KPN), followed by Christian parties and the Social Democracy of the Republic of Poland (SdRP). However, the most active group was the Solidarność Citizens' Committee.¹³⁷⁶

In May 27, for the first time in Polish history, local elections for self-government in a free and direct vote were held. The turnout vote for the local self-government elections was 42 percent.¹³⁷⁷ Another victory for Solidarność was secured in the May elections, although division within Solidarność started to dismantle the movement. The election was for 2,383 councils of rural communities held in 21,512 electoral districts where 26,925,267 were eligible to vote.¹³⁷⁸ Only 11,380,62 voted, which equal 42.27 percent of eligible voters.¹³⁷⁹

¹³⁷⁵ *Warsaw GAZETA WYBORCZA*, “Citizens' Committee Conference Issues Appeal.” FBIS-EEU-90-088. 7 May 1990. P: 51.

¹³⁷⁶ *Warsaw PAP*, “Review of Party Candidates Fielded for Elections.” FBIS-EEU-90-106. 1 June 1990. P: 43.

¹³⁷⁷ *Warsaw Domestic Service*, “Local Election Turnout 42 Percent.” FBIS-EEU-90-104. 30 May 1990. P: 40.

¹³⁷⁸ *Warsaw PAP*, “Election Commissioner Issues Rural Area Results.” FBIS-EEU-90-108. 5 June 1990. P: 50-51.

¹³⁷⁹ *Ibid.* The General Commissioner published the following result, “147,389 people ran as a candidates out of the overall number of 52,037 mandates in the councils. Councilors were elected for 51,987 mandates, which accounts for 99.90 percent, as a result of the elections. 51,987 Councilors were elected and they included: 30,002 for councils in rural communities, 3,552 for councils in towns with up to 40,000 inhabitants, 4,435 for municipal councils in towns with more than 40,000 inhabitants, 13,654 for councils of rural communities and towns, 344 for councils of town districts.” *Ibid.*

Komitet Obywatelski Disputes

Polish political scene and society became increasingly pluralistic: “various tendencies, political factions are taking shape.”¹³⁸⁰ Disputes within Solidarność came to the surface. As mentioned several times previously, Solidarność used to be unifying movement that embraced different ideological orientations and, therefore, its political identity was not clear before the historical transformation in June and September 1989. A major dispute that arose in the middle of 1990 involved three prominent figures in the Solidarność movement - Lech Wałęsa, Adam Michnik, and Henryk Wujec.¹³⁸¹ The divisions within Solidarność became public and noticable. At the same time, the Balcerowicz program became increasingly unsteady in the middle of the year when protests and strikes started to threaten the stability of the country. The government thought that massive social support was enough for it to implement its harsh economic program. Unity in Solidarność had been hit with an increase in poverty and unemployment and attacks on Solidarność’s deviation from its ideals of 1980s. The movement that had been the sole defender of workers had developed into a political party with various wings battling for domination. Signs of splits within Solidarność came about between the leftists and the rightists. Each orientation started taking positions either supporting or opposing the government policies.

Komitet Obywatelski Solidarność (Solidarność Citizens' Committee) was formed in December 1988 as a movement supporting Solidarność and, in particular, Lech Wałęsa. It

¹³⁸⁰ *Warsaw PAP*, “Walesa Cited on ‘Factions’ Within OKP.” FBIS-EEU-90-050. 14 March 1990. P: 54.

¹³⁸¹ *Warsaw ZYCIE WARSZAWY*, “Editorial on Solidarity Logo Dispute.” FBIS-EEU-90-115. 14 June 1990. P: 37-38. Several reports discussed this dispute. Briefly, the problem between Wałęsa and Michnik, was about the usage of Solidarność logo, and Wałęsa’s dismissal of Wujec. For further details, see *Warsaw PAP*, “Wujec Discussion of Dismissal.” FBIS-EEU-90-110. 7 June 1990. P: 42. And *Warsaw PAP*, “Michnik Editorial Statement on Dispute.” FBIS-EEU-90-110. 7 June 1990. P: 42. See also, *Warsaw GAZETA WYBORCZA*, “Walesa on Wujec, Michnik, Solidarity.” FBIS-EEU-90-115. 14 June 1990. P: 38.

started as an informal group which met first in Warsaw in May 1987.¹³⁸² The group signed a declaration stating the urgent need for political, economic and social changes in Poland. They numerated the basic rights of people, including the right of freedom of opinion, freedom of association, etc.¹³⁸³ The group met again in November 1987, and issued another declaration demanding political and economic reforms.¹³⁸⁴ In May 1988, the group met for the third time. This time the political and economic situation was different, with strikes all over Poland, and relations between the society and the ruling Communist Party deteriorating. Another declaration was issued rejecting the government's reaction to the strikes.¹³⁸⁵ In addition, the group requested the government to start a dialogue with the society and emphasized that "not a single of the country's problems will be solved without Solidarność, the expression of national aspirations."¹³⁸⁶ The fourth meeting took place on September 11, 1988.¹³⁸⁷ During this meeting, legalization of Solidarność was the major demand. At this point of time, members of KKW (National Executive Committee), members of Rural Solidarność, and leader of workers' strikes in August of 1988 joined the group.¹³⁸⁸ The group started to expand in number and influence. It also began to transform itself into a "political platform supporting Lech Wałęsa before the expected roundtable negotiations."¹³⁸⁹ In the fifth meeting of the informal group, on December 18, 1988, the group started to formalize its activities and

¹³⁸² *Warsaw RZECZPOSPOLITA*, "History, Membership of Citizens' Committees." FBIS-EEU-90-137. No date given. P: 49-50.

¹³⁸³ *Ibid.*

¹³⁸⁴ *Ibid.*

¹³⁸⁵ *Ibid.*

¹³⁸⁶ *Ibid.*, 50.

¹³⁸⁷ *Ibid.*

¹³⁸⁸ *Ibid.*

¹³⁸⁹ *Ibid.*

attracted more members.¹³⁹⁰ The group was composed of the following, as indicated by FBIS translated Polish newspaper (*Warsaw RZECZPOSPOLITA*) in their daily report of Poland:¹³⁹¹

- All members of the Solidarność KKW, 24 people.¹³⁹²
- Members of Provisional National Council of Farmers NSZZ RI “S” (Independent Self-governing Trade Union of individual Farmers “Solidarity”) 6 people.¹³⁹³
- Chairmen of dissolved arts unions after martial law, 11 people.¹³⁹⁴
- Elected rectors of schools of higher education, 6 people.¹³⁹⁵
- From Catholic circles: members of Social Council of the Primate, activists of the Young Poland Movement, and from KIK (Catholic Intellectuals Club), 28 people.¹³⁹⁶
- Five priests.¹³⁹⁷

During its fifth meeting the group appointed the *Komitet Obywatelski Solidarność* Chairman. In its communiqué, the Citizens' Committee of the NSZZ Solidarność Chairman, declared its major aim: “to present the opinions of independent communities, express social needs, and submit a program of action. The committee will work continuously on analyzing important problems of the country, meeting at least once every three months.”¹³⁹⁸ After formalizing the group, *Komitet Obywatelski Solidarność* became the “intellectual and political

¹³⁹⁰ Ibid.

¹³⁹¹ For more detailed history about Solidarność Citizens' Committees formation and development, see *Warsaw RZECZPOSPOLITA* “History, Membership of Citizens' Committees.” FBIS-EEU-90-137. No date given. P: 49-54.

¹³⁹² Ibid., 50.

¹³⁹³ Ibid.

¹³⁹⁴ Ibid.

¹³⁹⁵ Ibid.

¹³⁹⁶ Ibid.

¹³⁹⁷ Ibid.

¹³⁹⁸ Tomasz Roguski article entitled “Citizens' Committees.” In his article, Roguski historically traced the evolution and development of Citizens' Committee. In *Warsaw RZECZPOSPOLITA*, “History, Membership of Citizens' Committees.” FBIS-EEU-90-137. No date given. P: 51.

base”¹³⁹⁹ supporting the Solidarność-opposition side during the ‘roundtable’ negotiations. It then turned to an election platform supporting Solidarność candidates for the June 4 and 18 *Sejm* and Senate elections.¹⁴⁰⁰ Similar Citizens' Committees flourished throughout the country. When Solidarność won the majority of seats at the Senate and all open seats at the *Sejm*, the future of the *Komitet Obywatelski* drew heated discussion between supporters for its continuation and opponents who advocate the idea of dissolving it.¹⁴⁰¹ On 17 June 1989, Solidarność KKW resolved to dissolve the Citizens' Committees.¹⁴⁰² Some *Komitet Obywatelski* rejected this decision, and some “fell silent.”¹⁴⁰³ The decision, as noted by Tomasz Rogulski, coincided with another dispute over the use of the Solidarność logo, which further weakened the movement.¹⁴⁰⁴ However, in late 1989, *Komitet Obywatelski* was revived again. On September 22, representatives of voivodship *Komitet Obywatelski* met with head of OKP Chairman, Bronisław Geremek, Henryk Wujec, and Marcin Krol. The discussion centered on the “format for the citizens movement, a place for it between the OKP and Solidarity”¹⁴⁰⁵

A decision was made later on November 7, 1989 during a meeting of the *Komitet Obywatelski* of the NSZZ Solidarność Chairman, which assigned the role for the *Komitet Obywatelski* “as an inspirational and advisory body offering assistance, the committee does not have decision making powers, nor can it replace a coordinating center of political parties

¹³⁹⁹ Ibid.

¹⁴⁰⁰ The Citizens' Committees, stated Jerzy Stepień, “sprang up as if by magic after the ‘roundtable.’ The reasons were dictated by the concrete needs - namely, to prepare for parliamentary elections. Pragmatism also prolonged their existence, because local programs had to be elaborated, and local elections had to be won. Again, their success was unquestionable... they captured over 70 percent of councils seats in cities that have a population of 40,000 inhabitants and over.” *Warsaw WARSZAWY*, “Importance of Citizens' Committees Assessed.” FBIS-EEU-90-121. 22 June 1990. P: 48.

¹⁴⁰¹ Ibid.

¹⁴⁰² Ibid.

¹⁴⁰³ Ibid., 51.

¹⁴⁰⁴ Ibid.

¹⁴⁰⁵ Ibid.

and organizations.”¹⁴⁰⁶ The decision meant that the *Komitet Obywatelski* should be open to all orientations and should not align itself to any particular political party. *Komitet Obywatelski* played an important role during local self-government elections. Therefore, Solidarność won the majority of seats. Disputes about the role of *Komitet Obywatelski* continued to draw intense debate throughout 1990.

In February, Lech Wałęsa dismissed Henryk Wujec from the post of Citizens' Committee Chairman and appointed Zdzisław Najder instead. This move by Wałęsa led to the Citizens' Committee's separation from the OKP (Obywatelski Klub Parlamentary).¹⁴⁰⁷ After the appointment of Zdzisław Najder as the Chairman, which created a conflict within Solidarność, in particular between “two different concepts,” described by Jacek Moskwa in his commentary entitled “The Future of the Civic Committee.”¹⁴⁰⁸ The first concept advocated by Henryk Wujec, former Chairman [before Wałęsa dismissed him] and Secretary of the *Obywatelski Klub Parlamentarny*, wanted to “turn the ‘Solidarity’ National Commission and its regional equivalents into a political backing for the OKP.”¹⁴⁰⁹ The second concept, according to Moskwa, was the one advocated by the newly appointed Chairman of the Citizens' Committee, Zdzisław Najder and Wałęsa himself, which wanted to turn OKP into a ‘platform’ for different political groups and to embrace different ideological orientations.¹⁴¹⁰ The idea was that the Citizens' Committees “should be transformed into grounds for the meeting of various political currents, a place for the dialogue of parties and groups.”¹⁴¹¹

¹⁴⁰⁶ Ibid.

¹⁴⁰⁷ Ibid., 53.

¹⁴⁰⁸ *Warsaw RZECZPOSPOLITA*, “Future of Walesa’s Civic Committee Examined.” FBIS-EEU-90-121. 22 June 1990. P: 44-45.

¹⁴⁰⁹ Ibid., 44.

¹⁴¹⁰ Ibid.

¹⁴¹¹ *Warsaw RZECZPOSPOLITA*, “History, Membership of Citizens' Committees.” FBIS-EEU-90-137. No date given. P: 53.

In general, Solidarność in late 1989 was changed for years to come. Several political parties split from Solidarność. Among the major political parties which emerged were the Centre Accord (Agreement) and the Movement of Democratic Action (ROAD). This transitional period had witnessed the emergence of several political groups. At the same time, it coincided with the rise of civil society, which was underdeveloped before the collapse of Communist rule. As Polish historian, Jerzy Szacki, observed: “it will take a dozen or so years for the Polish political scene to become organized.”¹⁴¹² The Polish political stage became very diversified.

In the second half of 1990, calls for a fully democratic election for Presidency and for a new parliament through dissolving current existing one, dictated public debate. It is worth noting that strikes had increased day after day with the price rises. The crime rate also increased, as reported on Warsaw T.V.¹⁴¹³ There was, according to the report [an interview with Lech Chajduk, Deputy commander of the Warsaw Police force], an increase in the number of crimes, for example, in the Katowice region, the number of killings rose by 50 percent.¹⁴¹⁴ Security issues were another concern for the Mazowiecki government, among other issues seriously hitting the popularity of the government, such as unemployment which reached 443,000*¹⁴¹⁵ by the end of May and was predicted to increase with the liquidation of several enterprises by the end of the year.

¹⁴¹² *Warsaw RZECZPOSPOLITA*, “Historian Reviews Polish Parties, Movements.” FBIS-EEU-90-146. 30 July 1990. P: 47.

¹⁴¹³ *Warsaw Television Service*, TV Reporting Crime Rate.” FBIS-EEU-90-124. 27 June 1990. P: 62.

¹⁴¹⁴ *Ibid.*

¹⁴¹⁵ *Warsaw TRYBUNA*, “Latest Unemployment Figures Trends.” FBIS-EEU-90-124. 27 June 1990. P: 61.

Solidarność splits (Wałęsa vs Mazowiecki)

Solidarność's major unifying agenda was previously its anti-Communist and anti-regime stand toward the ruling Communist Party. During the elections of June 6 and 18, Solidarność was compelled to keep a united front. One of the critical issues that led eventually to the split within Solidarność was Lech Wałęsa's statement in December 1989 urging the *Sejm* to grant the government 'special powers' through a decree to accelerate the process of economic transformation.¹⁴¹⁶ This statement caused a heated debate within Solidarność and led to its division into two camps, one that supported Lech Wałęsa and another one that supported Mazowiecki. Wałęsa's argument was that the government had been slow to implement political and economic reforms. Wałęsa was associated with the idea of 'acceleration' and was, therefore, called an "accelerator with an axe."¹⁴¹⁷

The *Sejm* had granted the government a 'fast lane' to pass Balcerowicz's economic program instead of 'special power.'¹⁴¹⁸ Tensions escalated between different factions within Solidarność. The movement divided between supporters of Mazowiecki and supporters of Wałęsa. This tension became public and created an atmosphere of political instability and uncertainty. Divisions within Solidarność dated back to 1981. According to Center Accord activist, Jan Orzel, in his article entitled *Two Political Philosophies of Solidarność*:

There were disputes about whether or not to include the PZPR's leading role in the union statue, whether or not to proceed to a Warsaw accord in March 1981 after "Solidarity" activists from Bygoszcz had beaten up... whether to talk to Jaruzelski during martial law or go underground until communism collapses, etc. the list of dilemmas could go on forever, but the division into fundamentalists, radicals, pragmatists, and realists has existed all the time.¹⁴¹⁹

¹⁴¹⁶ Orenstein 2001: 32.

¹⁴¹⁷ *Warsaw GAZETA WYBORCZA*, "Leaders Discuss Situation, Split." FBIS-EEU-90-125. 28 June 1990. P: 42.

¹⁴¹⁸ Orenstein 2001: 33.

¹⁴¹⁹ *Warsaw RZECZPOSPOLITA*, "Activist Explains Two 'Solidarity' Philosophies." FBIS-EEU-90-198. 12 October 1990. P: 36-37.

Wałęsa was accused of having an authoritarian style of leadership and of endangering the government's program and work. Wałęsa, for his part, accused the Left of wanting to dominate Solidarność and "take over everything."¹⁴²⁰ The split between the Left and the Right within Solidarność was expected when political and economic transition began in 1989. It is not only reflected political and economic differences within Solidarność, but also the political ambition that prevailed in Solidarność between leaders of the once unified opposition movement.

Wałęsa advocated division within Solidarność, seeing it as a natural development in any democratic country in which pluralism prevailed. Mazowiecki, in a similar vein, stated that division within Solidarność into different political orientations was to be expected. Heated debates about the role of Civic Committees during this transitional period shed a new light on the internal divisions in Solidarność, as mentioned before. Wałęsa himself made the argument that the transitional period in Poland was concluding and pluralism was necessary to preserve it. Wałęsa also stated that splits within Solidarność were not just unavoidable, but even 'necessary' for Poland's democracy. Criticism of Tadeusz Mazowiecki's government for failing to accelerate the process of political and economic reforms intensified and led to an atmosphere of hostility between Lech Wałęsa's camp and Mazowiecki's camp.¹⁴²¹ Meanwhile, the split within Solidarność intensified political uncertainty.

These divisions between the different orientations among Solidarność members led to Solidarność splitting into two parties. The first party to emerge was the *Porozumienie Centrum* (Centre Agreement- PC) party, which formed in support of Wałęsa's presidency on

¹⁴²⁰ *Warsaw SLOWO POWSZECHNE*, "Wałęsa Advocates Divisions in Solidarity." FBIS-EEU-90-133. 11 July 1990. P: 37.

¹⁴²¹ In this regard, Mazowiecki had stated that "I am not a party of this conflict; I am only its subject." *Warsaw Domestic Service*, "Mazowiecki on Conflict with Walesa." FBIS-EEU-90-122. 25 June 1990. P: 44.

May 12, 1990. In the words of one of its leaders, Jaroslaw Kaczynski, “Lech Wałęsa as president, could acquire a new strength, a new breakthrough in this situation, which is indeed a difficult one for Poland at the moment.”¹⁴²² Centre Agreement supported the idea of accelerating the process of restructuring the economic and political institutions, see **Appendix 2** (Center Agreement Declaration). It described itself as an anti-communist movement and thus urged for a fully democratic parliamentary elections replacing the semi-democratic *Sejm*. On July 27, the parliamentary caucus of the Centre Agreement initiated a campaign in support of Wałęsa’s presidency.¹⁴²³ It appealed to General Jaruzelski to resign in a statement that reads in part:

Mr. general, your election to the post of president took place in a special political situation and was the consequence of Round Table agreements. These agreements, which began the process of economic and political transformations of our country,.. in appreciating to role which you, Mr. President have played since the moment of your election, we appeal to you to show understanding for the historic challenges of the new times and to make a decision on a resignation from your office.¹⁴²⁴

The other parties/group to emerge from Solidarność and was supporting Mazowiecki were the *Forum Prawicy Demokratycznej* (the Forum of the Democratic Right- FPD) and the *Ruch Obywatelski Akcja Demokratyczna* (Civic Movement for Democratic Action – ROAD). ROAD was established in Warsaw in July, two months after the formation of Center Agreement. The leaders of ROAD were Zbigniew Bujak and Wladyslaw Frasyniuk. Major members of the movement were Adam Michnik, Halina Borthenowski, Bronisław Geremek and Henryk Wujec. The group advocated an early election for the *Sejm* and the office of President; and

P: 54. ¹⁴²² *Warsaw Domestic Service*, “Center Accord Leader Interviewed.” FBIS-EEU-90-122. 25 June 1990.

P: 43. ¹⁴²³ *Warsaw PAP*, “Center Accord Appeals for Jaruzelski to Resign.” FBIS-EEU-90-146. 30 July 1990.

¹⁴²⁴ *Ibid.*

largely supported the Mazowiecki government. In the words of Wladyslaw Frasyniuk, the movement was against those “who think that government by decree, authoritarian government, is capable of inspiring social and economic change.”¹⁴²⁵ ROAD acted as a counterweight to the Center Agreement political group that supported Lech Wałęsa. It supported the Mazowiecki government’s plan to proceed with a Western model of economic reform, with protection of workers rights. The major split within Solidarność was a result of growing dissatisfaction with the political and economic situation.

By the end of June, there were around 570,000 unemployed in Poland.¹⁴²⁶ During the same time, the government was still in the process of formulating and discussing the laws on the privatization of state enterprises. The process of privatization was slow. Ownership transformation must, according to Balcerowicz, proceed faster because the results of the first stage of stabilization would be wasted if the government did not proceed with privatization directly.¹⁴²⁷ The first stage of stabilization program had stopped hyperinflation and created conditions for the second stage program of economic restructuring, ownership transformation (privatization). At the same time, the first stage stabilization program had eliminated goods shortages and thus solved one of the major problems of the planned economy. On the other hand, the first stage also brought recession and massive unemployment, and led to a drop in the real incomes of workers. The second stage involved institutional restructuring of the economy through ownership transformation. After an intense discussion about privatization bills, the *Sejm* adopted the law on privatization, which was a condition for giving Poland the

¹⁴²⁵ *Warsaw GAZETA WYBORCZA*, “ROAD’s Frasnyniuk on Objectives.” FBIS-EEU-90-142. 24 July 1990. P: 52.

¹⁴²⁶ *Warsaw Domestic Service*, “Labor Ministry Provides Unemployment Figures.” FBIS-EEU-90-135. 13 July 1990. P: 41-42.

¹⁴²⁷ *Warsaw PAP*, “Balcerowicz Urges ‘Decisive Change in Economy.’” FBIS-EEU-90-135. 13 July 1990. P: 40-41.

first half of the Structural Adjustment Lending (SAL) program. The World Bank approved a memorandum adopted by the Mazowiecki government in early July.¹⁴²⁸ Thus, the World Bank decided to grant Poland 300 million dollars.¹⁴²⁹

First phase ‘Stabilization Program’ results

Results from the first stage program appeared during the first half of 1990. Momentous changes to the economic system to replace an administrative mechanism with market principles of economic functioning had led, as mentioned before, to mixed results in economic performance. Unemployment increased greatly after the sharp drop in the purchasing power of money in January and February.

Prices rose, personal incomes fell and the purchasing power of the zloty declined. In the first half of 1990, the situation with the food market was influenced tremendously with the fall in the purchasing power of workers incomes and their financial reserve. Prices and incomes fluctuated during the first half of the year. By the middle of 1990, prices had stabilized. In addition, the problem with consumer goods shortage disappeared.

In the first half of 1990, income into the budget “exceeded spending due to the influx of income tax from enterprises, the effects of the banking system, and the withholding of some of the expenditures foreseen in the budget.”¹⁴³⁰ According to the GUS report for the first half of 1990, central budget income amounted to Z63.4 trillion and expenditures amounted to 56.6 trillion.¹⁴³¹ In addition, between January and May, central budget income amounted to

¹⁴²⁸ *Warsaw PAP*, “World Bank Grants \$300 Million Loan.” FBIS-EEU-90-147. 1 August 1990. P: 41.

¹⁴²⁹ *Ibid.*

¹⁴³⁰ *Warsaw RZECZPOSPOLITA*, “Mid-year Economic Performance Results Published.” FBIS-EEU-90-157. 14 August 1990. P: 30.

¹⁴³¹ *Ibid.*

Z71.7 trillion, and expenditures Z64.5 trillion.¹⁴³² Table 6.10 shows income and expenditure to and from the central budget from January to May 1990.¹⁴³³

Table 6.10: Income and Expenditure in Poland Jan-May 1990¹⁴³⁴

Item	Trillions of zlotys	Percentage of budget	Percentage of budget implemented
Incomes	52.2	100	32.8
Incl. from state enterprises	43	82.2	36.2
Incl. income tax	22.5	43	52.1
Turnover tax	12.3	23.6	26.1
Dividends	3.6	6.8	27.9
Customs duties	1.7	3.2	47.3
From insurance	8.6	16.4	59.9
Expenditure	45	100	28.2
Incl. current expense	16.9	37.6	31.1
Subsidies for factories	10	22.2	41.3
Social insurance	7.1	15.7	31.7
Payments to foreign debt service fund	2.9	6.4	41

¹⁴³² Ibid.

¹⁴³³ Ibid.

¹⁴³⁴ Ibid.

State spending on social services was also influenced by the drastic changes in the structure of the economy. Table 6.11 shows state budget spending in Poland in the first half of 1990 on social and cultural services.

Table 6.11: Social Services in Poland in the first half of 1990 (January 1-until 31 May):¹⁴³⁵

Item	Billions of zlotys	Degree of law fulfillment
Total	19,447.7	52.4%
Education and upbringing	6,665.9	65%
Higher education	2,080	53.4%
Culture and art	1,063.5	34.8%
Health and social care	9,388.0	48.1%
Physical culture, sports, and tourism	330.3	54.7%

The state budget in the first half of 1990 was balanced.¹⁴³⁶ However, territorial budgets were in a bad situation, with large deficits and debt burdens. The situation gradually normalized in the second half of 1990.¹⁴³⁷

On the political scene, as mentioned before, after the victory of Solidarność different issues emerged, among them the political identity of the movement and who should be entitled to use Solidarność logo. The situation exacerbated when Wałęsa asked the *Sejm* to grant a ‘special power’ for the government to accelerate the process of economic and political restructuring of the country. Wałęsa then announced his intention to run for the Presidency,

¹⁴³⁵ *Warsaw RZECZPOSPOLITA*, “Mid-year Economic Performance Results Published.” FBIS-EEU-90-157. 14 August 1990. P: 30.

¹⁴³⁶ *Ibid.*

¹⁴³⁷ *Ibid.*

with support from different political parties and groups. For Wałęsa the split between Solidarność was inevitable and necessary, as stated before. Wałęsa said in an interview:

I initiated the split myself. The “Solidarity” that we created in 1980, and those ideals I swore to implement, has triumphed. I remember better than anyone else in Poland what it is we swore. We swore to put an end to the communist system, and we have done so. Another oath was that we would lead Poland to normality, political pluralism, and free elections in which numerous political parties would take part. We have still not achieved this, but I am the one who must do so. My oath has given me a moral duty to build pluralism in Poland. Therefore I have to design and encourage things, and do everything to make this that “Solidarity” is splitting up, and that is good. That is why I have no regrets.¹⁴³⁸

One major reason Wałęsa mentioned in regard to his intention to run for the presidency was that the Mazowiecki government had been slow in implementing reform. He urged it to accelerate the process of political and economic reform because, according to Wałęsa, the government “demanded sacrifices from us, but they do not stop the old nomenklatura from either getting even richer, or from covering up their misdeeds.”¹⁴³⁹ In addition, Wałęsa accused the Mazowiecki government of not taking advantage of society’s enthusiasm and confidence vested in the government after the June election of 1989.¹⁴⁴⁰

Below are the results of a poll conducted by the Public Opinion Research Center on June 28, reported by the FBIS. The survey presents the “social portraits” of Tadeusz Mazowiecki and Lech Wałęsa. Around 80 percent, according to this survey, said that division within the Citizens' Committees was a result of the conflict between Mazowiecki and Wałęsa. In addition, 68 percent of respondents said that the conflict between supporters of Wałęsa and Mazowiecki had had a negative impact on the political atmosphere in Poland.

¹⁴³⁸ Interview with Lech Wałęsa by Jan Jakubowski, *Gdansk TYGODNIK GDANSKI*, “Walesa Views Solidarity Splits, Presidency.” FBIS-EEU-90-164. 23 August 1990. P: 21.

¹⁴³⁹ Ibid., 23.

¹⁴⁴⁰ Ibid.

Table 6.12: Survey conducted by Public Opinion Research Center¹⁴⁴¹

Question	Tadeusz Mazowiecki	Lech Wałęsa
Who is more courageous and determined?	13	70
Who better expresses the interests of Poles?	27	40
Who is more responsible for what he says and does?	58	17
Who has better advisers?	41	13
Who better represents Polish interest abroad?	32	22
Who values democracy more?	28	21

As the table above shows, the public saw Lech Wałęsa as the charismatic leader of a movement which had paved the road for Poland's sovereignty and independence from Communist rule since 1980. It is important to note that other political parties and groups were still in the process of formation. Interest groups were on the rise and divided along different ideological lines. The economic team under Balcerowicz's leadership was isolated from all political interest and pressure. For this reason, Balcerowicz was able to proceed with the first stage of the economic stabilization program in a relatively calm situation. In addition, there were no other concrete economic program alternatives to the one presented by Balcerowicz. However, with the emergence of several political groups and parties, presenting a concrete economic program became an important part of their election campaign.

The privatization issue was at the center of discussion for the majority of newly formed parties. The Union of Real Politics Party described its vision for an economic program in a document entitled "The Economy by Us," which said that the basic objective was to

¹⁴⁴¹ A survey conducted by the Public Research Center carried out in 28 June 1990. *GAZETA WYBORCZA*, "Poll Weighs Mazowiecki Walesa Popularity." FBIS-EEU-90-138. Date not given. P: 42.

create a “multitude of private entrepreneurs and expand the private sector on the basis of cheap credits supplied by national sources, so that state and local government ownership can be abolished in as many areas of the national economy as possible.”¹⁴⁴² Mandatory social insurance, according to the PPR, should be abolished and replaced by voluntary and private insurance.¹⁴⁴³ Since its formation, the PPR advocated Poland conversion to capitalist system. An example of the rising power of privatization in Poland was the establishment of a pro-privatization electoral coalition on July 27, 1990. This coalition, which was called the Movement for Universal Privatization of the Economy, was comprised of several activists from the Employees’ Council, and economist, Rafal Krawczk, which acted as a ‘political and economic lobbyist.’¹⁴⁴⁴ The movement advocated the idea of ‘swift privatization,’ and criticized the Balcerowicz program, and said that it “wants to defend the rights of all citizens to take part in privatization and ownership.”¹⁴⁴⁵ Krawczk said that the government should directly “distribute 51 percent of the enterprises’ shares to individual employees rather than

¹⁴⁴² *Warsaw RZECZPOSPOLITA*, “Union of Real Politics Presents Economic Program.” FBIS-EEU-90-166. 27 August 1990. P: 34. The Union of Real Politics detailed provisions reads: “state assets, in other words, assets held by the state itself and by local government bodies, will be sold for cash to Poles and foreigners. Any assets unlawfully acquired by the state will be returned to their original owners,...the tax system will be reduced to just few categories of taxes: personal income tax, profits tax for firms and farms, and a value added tax on commodities,... the zloty, as the supreme common asset, will be especially protected. It will be tied up with foreign currencies, e.g. it might be permanently linked to the ECU (European Currency Unit). The central bank will closely control the amount of money in circulation and emission of new money. The bank will also be responsible for the zloty’s complete convertibility,... *all prices, including rates of exchange, rates of interest, any wages, will become free market prices. Prices may be fixed by administrative means only during the period of transition to a market economy.* Agriculture, as a sector of particular value in and outside the economy, will be exempted from taxation if each farm invests an amount of money equivalent to the income tax it would normally pay. From the funds earned by privatization, the state treasury will create cheap credits for farms, thus permitting a maximum increase in agricultural output.” (Italics added) Ibid.

¹⁴⁴³ Ibid.

¹⁴⁴⁴ *Warsaw PAP*, “New Pro-Privatization Electoral Coalition Formed.” FBIS-EEU-90-148. 1 August 1990. P: 38.

¹⁴⁴⁵ Ibid.

working crews.”¹⁴⁴⁶ The remaining 49 percent should be owned by the state treasury which could sell them in the market.¹⁴⁴⁷

Think tanks advocating market economy and privatization program had flourished since 1989. The first one, Adam Smith Research Center, was established in 1989 as a public policy center that propagated liberal economic thought.¹⁴⁴⁸ Two prominent economists, Andrzej Sadowski and Robert Gwiazdowski, were associated with the Adam Smith Research Center.¹⁴⁴⁹

Second stage: ‘Ownership Transformation’

The second phase of economic transition to market economy involved ownership transformation. Two laws passed by the *Sejm* in July 1990 in preparation for the second stage of the privatization of state enterprises (SOEs).¹⁴⁵⁰ The first law was the Privatization of State Enterprise Act which said that privatization would take different forms/approaches, for example, in enterprises, which was considered economically very good, privatization would occur immediately, and enterprises would be changed into business corporations.¹⁴⁵¹ However, in the case of an enterprise which was going through liquidation because of its

¹⁴⁴⁶ Ibid.

¹⁴⁴⁷ Ibid.

¹⁴⁴⁸ Aligica and Evans 2009: 63.

¹⁴⁴⁹ Mateusz Machaj, Liberal Economics in Poland,” *Econ Journal Watch* 12, no. 2 (May 2015): 236. Leszek Balcerowicz in 2007 founded the Civil Development Forum. The major aim of this institution was to promote liberal thinking in Poland, organize seminars and publish policy analysis. Machaj stated in his article that when Balcerowicz left public office and founded the Forum, he “has been much more radical in promoting economic liberalism than in earlier stages of his career.” Ibid., 237-8. For more information about liberal thought and think tanks in Poland, return to the same source.

¹⁴⁵⁰ Lawrence P. King and Aleksandra Sznajder, “The State Led Transition to Liberal Capitalism: Neoliberal, Organizational, World systems, and Social Structural Explanations of Poland’s Economic Success,” *American Journal of Sociology* 112, no.3 (2006): 754.

¹⁴⁵¹ Bogdan Mroz, “Poland’s Economy in Transition to Private Ownership,” *Soviet Studies* 43, no.4 (1991): 682.

economic inefficiency and bankruptcy, privatization would “depend on the sale of assets.”¹⁴⁵²

The second law was the creation of the Office of Minister for Ownership Transformation. The major tasks for the newly established Ministry of Ownership Transformation, also called Privatization Ministry, were:¹⁴⁵³

- Implementing government policy in regard of privatization of state enterprises;
- “Working out guidelines on state policy concerning capital cooperation with foreign partners;”¹⁴⁵⁴
- “Analyzing the state ownership transformation;”¹⁴⁵⁵
- “Cooperating with trade unions, associations, chambers of commerce and industry and other civic organizations and with bodies of state administration and local self-government in the formation and development of private firms;”¹⁴⁵⁶

At the end of 1990, there were five large privatized SOEs, in which 4,330,000 shares were sold for Zl350 billion.¹⁴⁵⁷ The role of international financial institutions was very important in this stage. The World Bank assisted the privatization and restructuring of state enterprises in Poland through:¹⁴⁵⁸

- “Providing private investors with capital by opening lines;”¹⁴⁵⁹
- “Providing technical and financial support of privatization;”¹⁴⁶⁰

¹⁴⁵² *Warsaw RZECZPOSPOLITA*, “Official Assesses Privatization, Legislation.” FBIS-EEU-90-168. 29 August 1990. P: 55.

¹⁴⁵³ Bogdan Mroz 2006: 683.

¹⁴⁵⁴ *Ibid.*

¹⁴⁵⁵ *Ibid.*

¹⁴⁵⁶ *Ibid.*

¹⁴⁵⁷ *Ibid.*

¹⁴⁵⁸ Jerzy Nowakowski, “The Role of the World Bank in Poland's Transition to a Market Economy,” *Eastern European Economics* 34. no. 6 (1996): 72.

¹⁴⁵⁹ *Ibid.*

- “Strengthening the private sector in agriculture;”¹⁴⁶¹
- “Providing technical and financial support for the reform of the financial sector.”¹⁴⁶²

With progress in privatization process, a new movement emerged in August 1990 - the so-called “Spring‘92.”¹⁴⁶³ This movement was composed of deputies from Citizen’s Movement-Democratic Action (ROAD), the Center Accord, the Congress of Liberals and former members of the Polish United Workers Party.¹⁴⁶⁴ The movement announced its support of the Balcerowicz program of economic transformation, saying that “we [Spring 92] are neither an agency of ROAD or of the Center Accord. At the present time, privatization and market-oriented reform are the most important issues for the country. We hold similar views on the economy, and we have deemed political divisions to be of secondary importance.”¹⁴⁶⁵ The movement’s name came from the idea that, by the end of 1992, “at least half of the Polish economy should find itself in private hands.”¹⁴⁶⁶ It is evident that ownership transformation played a major part in the process of Poland’s economic transformation toward a capitalist market economy. Privatization accelerated in the middle of 1990 with small, medium and large-scale privatizations. Small-scale privatizations included local administrative and small state enterprises. Medium-scale privatization included medium size

¹⁴⁶⁰ Ibid.

¹⁴⁶¹ Ibid.

¹⁴⁶² Ibid.

¹⁴⁶³ *Warsaw GAZETA WYBORCZA*, “Nonpartisan Privatization movement Formed.” FBIS-EEU-90-176. 11 September 1990. P: 36.

¹⁴⁶⁴ Ibid.

¹⁴⁶⁵ Ibid.

¹⁴⁶⁶ Ibid.

state enterprises, among them, joint venture companies and joint stock companies.¹⁴⁶⁷ Large privatization included privatizing big state enterprises.¹⁴⁶⁸

Speaking to the *Sejm*, Leszek Balcerowicz presented major progress in his assessment of the results of the Balcerowicz Plan, noting the following during his address:¹⁴⁶⁹

- Hyperinflation was curbed and decreased from 78 percent in January to 1.8 percent in August. Shops now are full of goods and products and now no shortage and lining.
- Zloty converted and consolidated; and black market for hard currency was eliminated.
- Development in private sector and production of consumer goods improved.
- “Privatization of enterprises and the creation of competition are the main two directions of changes in the coming period.”¹⁴⁷⁰
- Unemployment was a natural result of structural changes, and was expected to increase through 1990.
- Liquidation of several bankrupted enterprises will increase the number of unemployment.¹⁴⁷¹

By September, the inflation rate had risen about 4.5 percent due to the situation in the oil markets.¹⁴⁷² External challenges to Poland’s economic program came from the crisis in the Gulf when Iraq invaded Kuwait on August 2, 1990. With the Iraqi invasion, the price of oil went up which created a challenge to Poland’s program. Poland, thus, increased its economic cooperation with the USSR to secure the delivery of basic raw materials, including oil and

¹⁴⁶⁷ Bronislaw Oyrzanowski and Magda Paleczny-Zapp, “From One Economic Ideology to Another: Poland’s Transition from Socialism to Capitalism,” *International Journal of Politics, Culture, and Society* 7, no.1 (1993): 49.

¹⁴⁶⁸ Ibid.

¹⁴⁶⁹ *Warsaw PAP*, “Balcerowicz Addresses Session,” FBIS-EEU-90-200. 16 October 1990. P: 51.

¹⁴⁷⁰ Ibid.

¹⁴⁷¹ Ibid.

¹⁴⁷² *Warsaw GAZETA WYBORCZA*, “Balcerowicz Discusses Status of Economic Growth,” FBIS-EEU-90-203. 22 October 1990. P: 32.

natural gas. German unification presented another challenge to the Polish economy in the form of reduced exports to East Germany. These developments had a negative influence on Poland's hard currency reserve.¹⁴⁷³

Lech Wałęsa in Presidency

Political tensions were rising between two groups - pro-Mazowiecki and pro-Wałęsa parties and groups. Internal divisions within Solidarność had created a new phase of political instability and tension and had threatened the success of the first stage economic transition in early 1990. On September 21, 1990, a resolution by the Polish *Sejm* was passed, shortening the 10th term of office of the *Sejm*, the Senate and the President to pave the way for fully democratic elections.¹⁴⁷⁴ With the emergence of several political parties and lobbies during this time of transition, it was clear that, in the following elections of the *Sejm* and the Senate, more than one hundred parties would compete but none of them would hold the majority of seats. The legacy of the old authoritarian system, with only one party dominating the political and economic scene, impacted the development of new parties and interest groups. Around 150 political parties emerged during this time.

After the split within Solidarność, which was expected, Wałęsa announced his decision to run for the presidency: "I made the decision today to offer for public acceptance my readiness to run in general elections for the office of president of the Polish Republic. This is for me the completion of the oath made in August 1980."¹⁴⁷⁵ Political and economic institutional changes had created an atmosphere of uncertainty and fear of what the future

¹⁴⁷³ *Warsaw ZYCIE WARSZAWY*, "Balcerowicz Speaks at IMF, World Bank Session." FBIS-EEU-90-192. 3 October 1990. P: 33-34.

¹⁴⁷⁴ *Warsaw Domestic Service*, "Sejm, Senate, Presidential Terms Shortened." FBIS-EEU-90-185. 24 September 1990. P: 48.

¹⁴⁷⁵ *Warsaw Radio*, "Walesa Confirms Presidential Candidacy." FBIS-EEU-90-180. P: 35-36.

might bring to the newly democratizing state. The period of democratic transition carried with it difficulties in consolidating changes. In addition, during the time of democratic transition people put higher expectations on the shoulders of the new government. Thus, one of the difficult tasks faced by the Mazowiecki government was changing the “mentalities”¹⁴⁷⁶ of society itself, because, as Mazowiecki said, “if anyone believed that a year would be enough to make everyone in Poland content, then he believed in miracles. For my own part, I already think that it is a miracle that everything is still functioning.”¹⁴⁷⁷

It was clear from the beginning of transition from socialism to democracy how difficult the government’s mission would be. The decision for Wałęsa to run for the presidency was a reaction to growing dissatisfaction with the Mazowiecki government and with the pace of economic reform. For Wałęsa, the major goal was to ‘accelerate’ the process of reform and to eliminate the existing remnants of the Communist system: “I want to implement the programme we prepared in 1980. At that time we decided to overthrow the communist system and to build a new one. And I must continue to do this until the free elections.”¹⁴⁷⁸ He further said: “I started these reforms and I must complete them. I led this struggle and I could not leave it halfway.”¹⁴⁷⁹

Two parties supported Mazowiecki when he announced his intention to run for the presidency. These were the Citizens’ Movement of Democratic Actions (ROAD) and the Forum of the Democratic Right (FPD). By now the *Obywatelski Klub Parlamentary* (OKP) is no longer existed as a political entity integrating all political orientations of the Solidarność

¹⁴⁷⁶ *SVENSKA DAGBLADET*, “Mazowiecki Urges Rethinking of Reliance on State.” FBIS-EEU-90-174. 7 September 1990. P: 34

¹⁴⁷⁷ *Ibid.*

¹⁴⁷⁸ An interview with Lech Wałęsa published in the *SZTANDAR MŁODYCH* daily in Warsaw, September 25. *Warsaw PAP*, “Walesa Interviewed on Quest of Presidency.” FBIS-EEU-90-187. 26 September 1990. P: 23.

¹⁴⁷⁹ *Ibid.*

movement. Internal differences had emerged within the OKP and led to its division, as discussed before. The once unified opposition front became fragmented along different political and economic orientations. Among those groups that split from OKP were: Democratic Christian Group (62 members); Christian National Unification Circle (6 members); and Liberal-Democratic Parliamentary Group (15 members)- as reported in the FBIS translated daily report of Poland.¹⁴⁸⁰ The upcoming presidential election had exacerbated the situation. OKP was no longer a unified movement representing the opposition. Another sign of fragility and disintegration within the OKP was the election of a pro-Wałęsa candidate, Mieczysła Gil, as chairman of OKP, replacing Bronisław Geremek, who made it clear that differences had led to the current disintegration of the OKP along different party and group interests which emerged during the transitional period.¹⁴⁸¹

After the *Sejm* passed a resolution calling for early democratic elections on 25 of November 1990 for the President office, several parties and groups nominated their own candidates or showed their support of one of the two major candidates for Presidential election, Lech Wałęsa and Tadeusz Mazowiecki. The Real Politics Union nominated its chairman, Janusz Korwin-Mikke, for the office of President.¹⁴⁸² *GŁOS NARODOWY* Waldemar Trajdos, editor in chief of *GŁOS NARODOWY*, put himself forward as a candidate.¹⁴⁸³

On October 25, the State Electoral Commission announced that the following candidates who met the requirements for Presidential candidacy would run for the office of president: 1)

¹⁴⁸⁰ *Krakow GAZETA KRAKOWSKA*, "Citizens' Parliamentary Club Fragmentation Detailed." FBIS-EEU-90-219. 13 November 1990. P: 54-55. To see the list of groups split from OKP return to the same source.

¹⁴⁸¹ *Ibid.*, 55.

¹⁴⁸² *Warsaw PAP*, "Real Politics Union Appoints Candidates." FBIS-EEU-90-194. 5 October 1990. P: 32.

¹⁴⁸³ *Warsaw PAP*, "Kozakiewicz Appoints State Electoral Commission." FBIS-EEU-90-194. 5 October 1990. P: 32.

Tadeusz Mazowiecki - Solidarność; 2) Stanisław Tyminski - Independent; 3) Leszek Moczulski - Independent Confederation for an Independent Poland (KPN); 4) Roman Bartoszcze – Polish Peasant Party (PSL); 5) Włodzimierz Cimoszycz- Democratic Left Alliance (SLD); and 6) Lech Wałęsa - Solidarność.¹⁴⁸⁴

The main contenders for presidential election were Lech Wałęsa and Tadeusz Mazowiecki and the elections would be held on November 25. For Wałęsa, the president's most important task was "acceleration" of reform. In arguing about the importance of 'special power' and his intention to propose it, Wałęsa said that "decrees have always been necessary, are necessary now, and will probably continue to be necessary. The only thing is to state clearly who can use them and when. I do not envisage their being used against democracy or against the people. They are necessary as measures to be used against anything that blocks the desired transformations: as a method of lancing the abscess."¹⁴⁸⁵ He was, as stated before, a major advocate for the idea of 'special power.' Wałęsa's idea of granting the government special powers was a major reason for the split in Solidarność, as mentioned before. However, Mazowiecki believed that "since parliament is permanently in session at present, I see no reason or need to issue decrees."¹⁴⁸⁶ Therefore, Mazowiecki rejected the idea of ruling by decree as proposed by Wałęsa.

Wałęsa supported the idea of a market economy and was in favor of the 'acceleration' of the process. Wałęsa's popularity came from his past experience in the workers' struggle and

¹⁴⁸⁴ *Warsaw PAP*, "Electoral Commission Lists Presidential Candidates." FBIS-EEU-90-208. 26 October 1990. P: 28. Roman Bartoszcze, 44 years old. He is a chairman of the executive committee of the Polish Peasant Party, and an activist of rural Solidarity. Włodzimierz Cimoszewicz, 40 years old. He is the chairman of Parliamentary Floor Group of the Democratic Left. He is a doctor of legal sciences. Stanisław Tyminski, 42 years old. He is a businessman. He was the leader of the Libertarian Party of Canada. Source: *Warsaw PAP*, "Candidates' Backgrounds, Positions Outlined." FBIS-EEU-90-212. 1 November 1990. P: 25.

¹⁴⁸⁵ *Krakow GAZETA KRAKOWSKA*, "Wałęsa, Mazowiecki Campaigns Compared, Contrasted." FBIS-EEU-90-216. 7 November 1990. P: 42.

¹⁴⁸⁶ *Ibid.*

from his reputation abroad. Thus, all the indications were that he would win the race for the President's office. A poll by OBOP conducted on November 5-6 with a randomly selected sample of 1,000 adults, surveying the public's voting intentions, showed that Wałęsa occupied first place, followed by Mazowiecki (See Table 6.13 below, which presents the results of this poll).

Table 6.13: Public voting rate for Presidential Candidates:¹⁴⁸⁷

Going to Vote for:	Percent
Lech Wałęsa	41
Tadeusz Mazowiecki	23
Stainisław Tyminski	8
Włodzimierz Cimosziewicz	7
Roman Bartoszcze	4
Leszek Moczulski	2
Undecided	15

Lech Wałęsa, who ran his election program under the slogan 'The New Beginning,' had declared his intention to hasten political and economic institutional transformation and eliminate all remnants of the old communist system.¹⁴⁸⁸ In term of domestic politics, Wałęsa advocated the idea of a multi-party system; extended powers for local self-government; division of power in Poland; and a strong army. In terms of his economic agenda, he had been

¹⁴⁸⁷ *Warsaw PAP*, "Poll Says Walesa Leads in Presidential Race." FBIS-EEU-90-219. 13 November 1990. P: 42.

¹⁴⁸⁸ *Warsaw PAP*, "Walesa to Unveil 'New Beginning' Platform." FBIS-EEU-90-220. 14 November 1990. P: 35-36.

a major advocate of Poland's transition to a market economy from the beginning.¹⁴⁸⁹ In this regard, Wałęsa said:

My program is one of a new beginning. The key to getting Poland out of the crisis and initiating free-market reform is the speediest-possible privatization of state enterprise. We need to decree the legal conditions, to mobilize real banks, and create the financial and credit means for a natural transfer of enterprises from direct state guardianship into the hands of the real shareholders and owners, both individual and collective. The privatization process must proceed according to various solutions. The free-market economy should also encompass agriculture, which should be freed from monopolistic structure of supply, procurement, and processing. We need to decree the elimination of these structures, and to stimulate the development of many private and collective enterprises for the serving of agriculture. We should give state-controlled mills, brickworks, and other enterprises in town and countryside back to their rightful owners.¹⁴⁹⁰

As the statement above shows, Wałęsa urged for rapid privatization. Thus, his economic policy was to continue and accelerate Poland's economic transition to a market economy. In addition, rapid admission of Poland to the Council of Europe was an ultimate goal for Poland's economic prosperity and democratic consolidation, according to Wałęsa. For him, market capitalism economy was the only alternative to state socialism to solve Poland's economic crisis. Moreover, Wałęsa asserted that the new government should continue with the structural reforms toward a market economy and stressed the need for introducing a new tax system and for financial institutions to help with the privatization process.¹⁴⁹¹

"Thanks to Solidarity, we defeated communism. Now comes the time to build a new Poland that will be free, democratic, and prosperous,"¹⁴⁹² concluded Wałęsa.

¹⁴⁸⁹ Ibid.

¹⁴⁹⁰ *Warsaw Domestic Service*, "Walesa, Mazowiecki on 'Election Studio' Program." FBIS-EEU-90-220. 14 November 1990. P: 36.

¹⁴⁹¹ Ibid.

¹⁴⁹² *Warsaw RZECZPOSPOLITA*, "Walesa Political Program Points Summarized." FBIS-EEU-90-222. 16 November 1990. P: 35.

Several political groups and parties have announced their support for Wałęsa's election program. Table 6.14 shows the political parties and groups, which support Lech Wałęsa and Tadeusz Mazowiecki.

Table 6.14: Groups supporting Presidential Candidates Wałęsa and Mazowiecki¹⁴⁹³

Group Supporting Lech Wałęsa	Group Supporting Tadeusz Mazowiecki
<ul style="list-style-type: none"> -The Presidium of the Polish Social Democratic Union. -The Liberal Democratic Congress. -The Network, the National Federation of 'Solidarność' Factory. -The Christian-National Union. -The Polish-American Friendship Society. -The Christian-Democratic Forum. -The Republican Party. - The Christian-Democratic Labor Party. -The Confederation for an Independent Poland-Democratic Faction that broke up from the confederation. - The Polish-American Friendship Society. -The Center Accord/Agreement. -Lech Wałęsa Citizens' Committee. 	<ul style="list-style-type: none"> -Citizen's Movement-Democratic Action (ROAD). -The Forum of the Democratic Right. -The Krakow Alliance for Democracy. -Members of the Democratic Club of People's Councilors. -11 November Club. -Independent individuals.

¹⁴⁹³ *Warsaw TRYBUNA*, "List of Groups Behind Presidential Candidates." FBIS-EEU-90-195. 9 October 1990. P: 43. The table is not exclusive, but gives a sense of who supported whom in the presidential elections.

-The 'Young Poland' Political Society of Gdansk.	
- Independent Individuals.	
-Union of Real Politics. ¹⁴⁹⁴	
- The Polish Green Party	

It is very clear that the charismatic Solidarność leader would win with the support he had from several political parties and groups. As an advocate for radical political and economic reform, Wałęsa attracted liberals and anti-communist parties and groups. As Table 6.14 shows, political parties such as the Liberal Democratic Congress and the Real Politics Party, which supported economic liberalism in Poland, also supported Wałęsa's candidacy. It was not surprising that Lech Wałęsa won the first round of the presidential election. However, Tyminski came second, winning more votes than Mazowiecki, which was a surprise. Lech Wałęsa received 6,569,889 votes, getting 39.96 percent of the vote; Stanislaw Tyminski received 3,797,605 votes which equal 23.10 percent of the vote; Tadeusz Mazowiecki received 2,973,264 votes which equal 18.08 percent of the vote; Włodzimierz Cimoszwick received 1,514,025 votes, which equal 9.21 of the vote; Roman Bartoszcze received 1,176,175 votes which equal 7.15 percent of the vote; and finally, Leszek Moczulski received 411,516 votes which equal 2.50 percent of the vote.¹⁴⁹⁵ None of the candidates in the first round of the presidential election obtained the required absolute majority of votes. Thus, another round of elections took place on December 9th 1990 with the participation of the two candidates, Lech

¹⁴⁹⁴ *Warsaw PAP*, "RealPolitik Union to Support Walesa Candidacy." FBIS-EEU-90-208. 26 October 1990. P: 29.

¹⁴⁹⁵ *Warsaw PAP*, "First Multiparty Presidential Election Held: Official Voting Figures Released." FBIS-EEU-90-228. 27 November 1990. P: 39-40.

Wałęsa and Stanisław Tyminski, who received the highest number of votes on November 25. A new episode of Polish political history had started. Mazowiecki's defeat was a result of the division between once a unified opposition, and it changed the course of events. It was clear that Tyminski, a businessman, who was not known in Poland before the presidential elections, used the media to attack the Mazowiecki government's program.¹⁴⁹⁶ It also signaled the decreasing popularity of the Mazowiecki government and its program of reform. In addition, the divisions within OKP also contributed to Mazowiecki's failure. Mazowiecki offered his resignation directly after his defeat.

OKP had urged various Solidarność groups to vote for Wałęsa after he gained first place in the first round of presidential elections. On December 1, the Citizens' Committee urged the society to participate in the second round of presidential election, stating that "Poland is at stake. Vote for Lech Walesa."¹⁴⁹⁷ Even Solidarność members who voted for Tadeusz Mazowiecki decided, after his defeat in the first round, to vote for Lech Wałęsa. The Council of ROAD also issued a statement urging voters to vote for Wałęsa in order to fulfill "its civic obligation to Poland in the face of danger."¹⁴⁹⁸ For them, Tyminski, a man who became popular in matter of a few months and gained sudden success at the first round, was someone "whose past and political associations are unknown,"¹⁴⁹⁹ and he was perceived as a threat to Poland's reforms.¹⁵⁰⁰

¹⁴⁹⁶ *Warsaw RZECZPOSPOLITA*, "Tyminski's Defamation of Mazowiecki Criticized." FBIS-EEU-90-229. 28 November 1990. P: 36.

¹⁴⁹⁷ *Warsaw PAP*, "Citizens' Committees Adopt Declaration on Elections." FBIS-EEU-90-232. 3 December 1990. P: 33.

¹⁴⁹⁸ *Warsaw Domestic Service*, "Mazowiecki Supporters Urge Voters for Walesa." FBIS-EEU-90-232. 3 December 1990. P: 41.

¹⁴⁹⁹ *Ibid.*

¹⁵⁰⁰ *Ibid.*

Adam Michnik who backed Mazowiecki said: “we have to think about saving what can still be saved,”¹⁵⁰¹ and that Wałęsa “is the only candidate who merits consideration.”¹⁵⁰² The OKP’s idea was that a candidate from Solidarność would ensure the process of reform and would keep faith with the ideals of Solidarność. When comparing the economic agenda of Lech Wałęsa and Stanislaw Tyminski, one can see that both adopted the idea of market economy as the only path for Poland’s economic transformation. Lech Wałęsa asserted that the only economic system for Poland is the one based on market principles and private ownership, as mentioned above. He suggested the creation of a new system of taxation, the formation of new financial institutions to support private enterprise, and insisted that enterprises that were nationalized after World War II should be returned to their original owners.¹⁵⁰³ Wałęsa had confirmed his intention to continue with the implementation of the Balcerowicz Plan. Stanislaw Tyminski, on the other hand, stressed the need for Poland to adapt to the world market. In addition, the process of privatization of state enterprises, according to Stanislaw Tyminski, should ensure for employees the possibility of becoming ‘joint shareholders.’¹⁵⁰⁴ Wałęsa did not believe that Tyminski would survive his first term in office if he became the president, and he believed that Tyminski “cannot solve Polish problems. We must not make experiments on the nation.”¹⁵⁰⁵

¹⁵⁰¹ *Warsaw GAZETA WYBORCZA*, “Michnik Backs Walesa, Views Election Results.” FBIS-EEU-90-232. 3 December 1990. P: 40. Michnik stated that “Walesa’s victory will entail a great risk for Poland; Tyminski’s victory would without doubt completely discredit our country. The reform of Poland would then be condemned to defeat that would be as grave in its consequences as the defeat of the ideas of the great Sejm and the Third May Constitution.” Ibid.

¹⁵⁰² Ibid.

¹⁵⁰³ *Warsaw RZECZPOSPOLITA*, “Walesa, Tyminski Economic Program Reviewed.” FBIS-EEU-90-232. 3 December 1990. P: 38-39.

¹⁵⁰⁴ Ibid.

¹⁵⁰⁵ *Warsaw PAP*, “Walesa Speaks at Solidarity Committee Meeting.” FBIS-EEU-90-232. 3 December 1990. P: 39.

Right after his defeat and his resignation, Mazowiecki formed and headed a new political force - *Uni Demokratyczna* (the Democratic Union) – made up of representatives of the Citizens Movement for Democratic Action (ROAD) and the Democratic Right Forum (FPD).¹⁵⁰⁶ At a meeting at Warsaw University's Senate, a resolution by the new Democratic Union Party was adopted which reads in part: "in connection with the resignation of the government led by Prime Minister Tadeusz Mazowiecki, the National Founding Committee of the Democratic Union declares that his government played an historic part in the process of leading Poland out of the totalitarian system toward a democratic system and a market economy."¹⁵⁰⁷ The Democratic Union decided to take part in the upcoming parliamentary elections as a unified party and announced their support for Wałęsa during the current presidential election. The ideological origin of the new Democratic Union Party dated back to the circles around Mazowiecki and Stanislaw Stomma and "Znak" (the Sign) Parliamentary Deputies Club.¹⁵⁰⁸ The new party was composed of intellectuals, including Adam Michnik and Jan Litynski, who had participated in different opposition movements during communist era.

The election results had shown the weakness of Solidarność, and had forever closed a chapter in its history as a unified movement because of its division into different political parties and groups. This created a new political crisis for Wałęsa who would become the first non-PZPR President since World War II.

¹⁵⁰⁶ Warsaw PAP, "Democratic Right Calls for Mazowiecki-Led Grouping." FBIS-EEU-90-242. 17 December 1990. P: 46.

¹⁵⁰⁷ *Warsaw Domestic Service*, "Democratic Union Council Alters Form, Personnel." FBIS-EEU-90-242. 17 December 1990. P: 46.

¹⁵⁰⁸ *Warsaw RZECZPOSPOLITA*, "Mazowiecki Heads New Democratic Union Group." FBIS-EEU-90-232. 3 December 1990. P: 41.

The situation had not changed much in the economic sphere; the crisis in the Gulf had a negative impact on oil prices and continued throughout the year. Unemployment reached one million, and was expected to increase further in 1991. The rate of inflation had fallen since January 1990, as expected, the state monopoly on foreign trade had been abolished and customs tariffs brought into the line with GATT regulations. The Council of Ministers discussed the draft privatization bill in early December and suggested that the government should accelerate the process of privatization to radically change the structure of ownership in line with Western European countries during the next five years.¹⁵⁰⁹

In the first free multiparty elections on December 9, Solidarność Leader Lech Wałęsa won in the second round of the Presidential election with 10,622,696 votes which equal to 74.25 percent of the vote, while Stanislaw Tyminski received 3,683,098 votes which equal to 25.75 percent of the voted.¹⁵¹⁰ The Catholic Church expressed its support for Wałęsa in the second round of the presidential elections, which gave him more support and secured his victory. After the election new alliances and coalitions emerged under the new rules of a normal democratic political game.

On December 14, the *Sejm* accepted the resignation of the Mazowiecki government with 224 votes for, 16 against, and 122 abstentions.¹⁵¹¹ The Mazowiecki government had the largest support at the beginning with its economic program and institutional reforms, but protests and strikes had spread as a consequence of the Balcerowicz plan, and the government took the blame for it. The first transitional government faced high societal expectations that it

¹⁵⁰⁹ *Warsaw PAP*, "Council Ministers Debate Privatization Program." FBIS-EEU-90-233. 4 December 1990. P: 24.

¹⁵¹⁰ *Warsaw PAP*, "Official Presidential Election Results Issued." FBIS-EEU-90-238. 11 December 1990. P: 22.

¹⁵¹¹ *Warsaw PAP*, "Parliament Accepts Resignation." FBIS-EEU-90-242. 17 December 1990. P: 45.

would solve all the political and economic problems inherited from the old system. Mazowiecki's task had been to restructure the economy with one of the first plans that attempted to radically change the political and economic system of a country from state socialism under the dominance of one Party to a new system of democracy and capitalism.

Wałęsa now assumed the highest position in a country with a difficult economic and political situation, with social dissatisfaction and with decreasing confidence in government reforms. Wałęsa had to regenerate society's faith in the process of systemic change to ensure the support for his government. His task was, therefore, a hard one, especially because he symbolized Solidarność's struggle for democracy, workers rights and social justice. Wałęsa made a decision to form a government of experts.¹⁵¹² His decision echoed Tadeusz Mazowiecki's idea of a government of technocrats. Wałęsa, therefore, kept Leszek Balcerowicz as his Deputy Prime Minister and Minister of Finance. Balcerowicz had already been working on the implementation of Balcerowicz Plan for almost a year and was familiar with Poland's economic situation. It therefore made sense for Wałęsa to keep Balcerowicz in his government, especially with Balcerowicz's good international reputation. It may be recalled that Balcerowicz was the chief negotiator of Poland's foreign debt with the IMF, the World Bank, and both the Paris Club and the London Club.

The first political issue President Wałęsa faced was between two groups holding different ideas about the role of the new government.¹⁵¹³ The first group advocated the idea of a 'continuation government' – continuing with the same structure of Mazowiecki's government until the parliamentary elections. The second group advocated the idea of 'breakthrough

¹⁵¹² *Warsaw Television Service*, "Walesa Seeks to Form 'Government of Experts.'" FBIS-EEU-90-244. 19 December 1990. P: 42.

¹⁵¹³ *Warsaw ZYCIE WARSZAWY*, "Olszewski Negotiates New Government." FBIS-EEU-90-244. 19 December 1990. P: 42.

government,' and envisaged the reduction of the number of ministries, in particular, the elimination of the industry and construction ministries and their integration, into one ministry for the economy.¹⁵¹⁴ There was a possibility that the second group would win if Jan Olszewski accepted the position of Premiership. However, Olszewski turned down Wałęsa's offer to form a government.¹⁵¹⁵ The problem between Wałęsa and Olszewski was about the candidates for the new government. Jan Krzysztof Bielecki [member of Gdansk Based Congress of Liberal Democrats] emerged as a candidate for the position of Premiership.

By now five big state enterprises [Tonsil in Wrzesni; Prochni in Lodz; Exbud in Kielce; the Silesian Cable Factory; and the Krosno Glass Works]¹⁵¹⁶ had been privatized, and the process was still going on without much interruption during the presidential election, but will stall in the middle of year. The following table presents the Bielecki government in 1991.

¹⁵¹⁴ Ibid.

¹⁵¹⁵ In Olszewski letter in rejecting Wałęsa offer to form the new government, he said "On December I received written authorization from Lech Wałęsa to hold talks on the program and the composition of the new government, during the following two weeks I myself and others held preparatory talks. The result of these talks was the preparation of the main principles of the program as well as initial decisions on the future composition of the cabinet. Because of essential differences between the views of the president-elect and myself on the composition of the government, I today gave up the task I was charged with." *Warsaw Television Service*, "Olszewski Abandons Government Formation." FBIS-EEU-90-244. 19 December 1990. P: 42-43. Important to note that he accepted to become a Prime Minister and formed the government in December of the following year. Jan Olszewski was a lawyer by profession. He was one of the major defenders of dissidents who were jailed during Communist era, among them the famous writers of *Open letter to the Party*, Jacek Kuroń and Karol Modzelewski, and students arrested during March 1968 events. In 1976-77, he was the co-founder of the Workers Defense Committee (KOR), the Committee for Social Self-Defense (KSS-KOR), and the Movement for the Defense for Rights of Man and Citizens (ROPCZIO). In addition, he was one of the main advisors for Solidarność during 1980-81, and later on he was the leading advisor for Solidarność underground. He participated at the 'roundtable' talks. After the election of Lech Wałęsa for presidency, he was nominated to form the government but he turned Wałęsa offer to head the government down due to a difference of views, as mentioned in his statement above in this footnote. *Warsaw PAP*, "PAP Profiles Prime Minister Olszewski's Life." FBIS-EEU-91-248. 26 December 1991. P: 15.

¹⁵¹⁶ *Warsaw RZECZPOSPOLITA*, "More Firms Declare Readiness for Privatization." FBIS-EEU-90-245. 20 December 1990. P: 40-41.

Table 6.15: Jan Krzysztof Bielecki Government 1991:¹⁵¹⁷

Name	Position	Profession/Affiliation ¹⁵¹⁸
Leszek Balcerowicz	Deputy Prime Minister and Minister of Finance	<ul style="list-style-type: none"> - Economist, consultant for Solidarność since 1981. - In September 1989, he held the same position in Mazowiecki government. - The architect of ‘shock therapy.’
Michał Boni	Minister of Labour and Social Policy	<ul style="list-style-type: none"> - Graduate of Polish Philology Department of Warsaw University. - In December 1989, he was elected as a chairman of the “Mazowsze chapter of Solidarity.”¹⁵¹⁹ - Member of Solidarność National Commission.
Janusz Lewandowski	Minister of Ownership transformation (Privatization)	<ul style="list-style-type: none"> - Economist from Gdansk University. - Solidarność activist since 1980. In 1988 “<i>he prepared a concept of privatization, which has been included in the current government.</i>”¹⁵²⁰ - Head of the Polish Liberal-Democratic Congress in 1990. - Co-founder of “<i>a Gdansk private institute for studies on market economy and ownership rights.</i>”¹⁵²¹ (Italics added)
Andrzej Zawislak	Minister of Industry and Trade	<ul style="list-style-type: none"> - Economist and professor at Warsaw University. - Member of the Polish Economic Society. - Economic advisor for Solidarność

¹⁵¹⁷ The Economist Intelligence Unit Report, Poland 1991, No.4, P: 2.

¹⁵¹⁸ *Warsaw PAP*, “Biographies of New Ministers Presented.” FBIS-EEU-91-01. 16 January 1991. P: 36-38. All information included in table 6.16 is extracted mainly from FBIS translated report cited here. To see full biographies of Bielecki government, return to the same source.

¹⁵¹⁹ *Ibid.*, 36.

¹⁵²⁰ *Ibid.*, 37.

¹⁵²¹ *Ibid.*

		<p>trade union.</p> <ul style="list-style-type: none"> - Liberal movement activist, and was “signatory of the National Congress of Liberals.”¹⁵²²
Adam Tanski	Minister of Agriculture and Food Economy	<ul style="list-style-type: none"> - A graduate of Warsaw’s Main School of Farming. - Solidarność member since 1980. In July 1990 he was appointed as the Undersecretary of State at the Ministry of Agriculture and Food Economy.¹⁵²³
Adam Glapinski	Minister of Construction and Regional Policy	<ul style="list-style-type: none"> - Economist from Warsaw School of Planning and Statistics. - Solidarność member since its emergence in 1980. In 1989, he was member of Warsaw Citizens' Committee. - Member of the Warsaw board of the Liberal-Democratic Congress. - Member of the Center Alliance political council.
Dariusz Ledworowski	Minister of Foreign Economic Relations	<ul style="list-style-type: none"> - Economist. Since 1980, he worked at the Institute of Economic Science of the Polish Academy of Science. - An expert on foreign trade in the Economic Consultative Council.¹⁵²⁴
Wieslaw Chrzanowski	Minister of Justice	<ul style="list-style-type: none"> - Professor of Law. - Chairman of the Christian-National Union. He was “a co-author of the first statute of the Solidarność trade union and represented the union during registration proceedings.”¹⁵²⁵ After the declaration of martial law in December 1981, he was a member of the “primate’s Social Council and advisor to the Secretariat of the Episcopate of Poland.”¹⁵²⁶

¹⁵²² Ibid.,38.

¹⁵²³ Ibid.,37.

¹⁵²⁴ Ibid.

¹⁵²⁵ Ibid.,36.

¹⁵²⁶ Ibid., 37.

Robert Glebocki	Minister of Education	<ul style="list-style-type: none"> - Professor, astrophysicist and lecturer at Gdansk University.¹⁵²⁷ - He participated in the 1980 strikes led by Solidarność. - In June 1989, he was a chairman of Solidarność's National Coordinating Commission for Education.¹⁵²⁸
Marek Rostworowski	Minister of Culture and Art	<ul style="list-style-type: none"> - Graduate from Jagiellonian University. - Member of Solidarność member since 1980. - Member of Lech Wałęsa's Citizens' Committee.
Henryk Majewski	Minister of Internal Affairs	<ul style="list-style-type: none"> - Graduate of the Higher Technical School in Gdansk. - Since 1980, he was a Solidarność member. Arrested in 1984, and was suspended from his work as a lecturer at Gdansk University. After the 'roundtable' he resumed his work as a lecturer at Gdansk University.¹⁵²⁹
Krzysztof Skubiszewski	Minister of Foreign Affairs	<ul style="list-style-type: none"> - Professor of Law since 1973 at the State and Law Institute of the Polish Academy. - Since 1980, he was a Solidarność member. - He was the Minister of Foreign Affairs in the Mazowiecki government.
Władysław Sidorowicz	Minister of Health and Social Welfare	<ul style="list-style-type: none"> - Psychiatrist. - Member of Solidarność trade union since 1980. He was a participant in the Solidarność /opposition side at the 'roundtable.'
Maciej Nowicki	Minister of Environment	<ul style="list-style-type: none"> - Graduate of the Higher Technical School in Warsaw. - Solidarność member since 1980. He was a member of the Citizens

¹⁵²⁷ Ibid.¹⁵²⁸ Ibid.¹⁵²⁹ Ibid.

		Movement for Democratic Action (ROAD). ¹⁵³⁰
Jerzy Slezak	Minister of Communications	<ul style="list-style-type: none"> - Communication engineer and vice-voivode of the Bialystok province. - In September 1990, the <i>Sejm</i> appointed him as the Minister of Communications.¹⁵³¹
Ewaryst Waligorski	Minister of Transport	<ul style="list-style-type: none"> - Graduate of the Higher Technical School in Szczecin. - In May 1990, he was appointed by the Council of Ministers as the plenipotentiary for Polish State Railways reforms.¹⁵³²
Vice Admiral Piotr Kolodziejczyk	Minister of National Defense	<ul style="list-style-type: none"> - Chief of Staff of the Polish Navy and Chief of the Main Board of Education of the Polish Army. - <i>Sejm</i> Deputy.¹⁵³³

Continuation with radical reform

“The government must rapidly create conditions that will promote the emergence of a market economy,”¹⁵³⁴ said Jan Bielecki, asserting the need to continue with radical institutional reforms. Supported by the Center Agreement Party, the government’s primary goal, as stated several times by Wałęsa, was to accelerate the process of economic transition to a market economy. In their declaration on January 28, the Center Agreement, which supported Lech Wałęsa’s election, urged the government to implement its promised program of acceleration. For them, the government should embark on “a

¹⁵³⁰ Ibid.

¹⁵³¹ Ibid.

¹⁵³² Ibid., 38.

¹⁵³³ Ibid., 37.

¹⁵³⁴ *Warsaw GAZETA WYBORCZA*, “Bielecki Interviewed on Future of Government.” FBIS-EEU-91-021. 31 January 1991. P: 26

rapid and large-scale privatization of state enterprises;”¹⁵³⁵ and “increase local government powers, strengthen its sources of finance, and liquidate the present administrative region structure.”¹⁵³⁶ Not only the Center Agreement Party, but also ROAD, urged the government to tackle the political and economic situation to ensure the building of parliamentary democracy and a market economy.¹⁵³⁷

In January 1991, amid increasing rumors that the political and economic situation in Poland in late 1990 had created tension between the IMF and Poland, international financial institutions announced their willingness to support Poland.¹⁵³⁸ The Director of the European Department in the IMF, Massimo Russo, stated that “we will support this program with financial means and technical aid.”¹⁵³⁹ Russo the main negotiator with Poland on its structural adjustment program, confirmed that the program of ‘shock therapy’ was successful in areas such as the “balance of payments, budget and currency stabilization,”¹⁵⁴⁰ but “inflation was too high because of the exceeded wage growth and credit supply targets.”¹⁵⁴¹ Like any transitioning country, Poland passed through phases of success and failure, of increased hope and increased pessimism. Thus, in order to understand the process of the political, economic and social transition, it is important to treat it within the context of history.

The IMF and the Polish government had reached an initial agreement by February of the same year, which would cover around 2 billion dollars for the next three years,

¹⁵³⁵ *Warsaw SLOW POWSZECHNE*, “Center Accord 28 January Declaration Reported.” FBIS-EEU-91-023. 4 February 1991. P: 37.

¹⁵³⁶ *Ibid.*

¹⁵³⁷ *Warsaw PAP*, “ROAD Warns Against Conflict ‘Aggravation.’” FBIS-EEU-91-024. 5 February 1991. P: 39.

¹⁵³⁸ *Warsaw PAP*, “IMF Official Optimistic About Shock Therapy.” FBIS-EEU-91-010. Jan 15, P: 39-40.

¹⁵³⁹ *Ibid.*, 39.

¹⁵⁴⁰ *Ibid.*, 40.

¹⁵⁴¹ *Ibid.*

1991-1993.¹⁵⁴² Several commentators have argued that Poland's harsh economic reform was influenced by international financial institutions, as the leader of OPZZ, Alfred Miodowicz, said: "Mr. Balcerowicz, like our entire nation, is led by the stick and carrot method not by President Lech Wałęsa, or the OPZZ or Solidarność but by the International Monetary Fund which dictated this program. Society demands its quick revision."¹⁵⁴³ OPZZ had, from the start, disagreed with Solidarność and the government stance on wage indexation during the 'roundtable' talks. After the collapse of the Communist system, OPZZ initially supported the Mazowiecki government, as mentioned before, however, with an increase in the rate of unemployment and increase in prices, OPZZ had initiated several strikes rejecting government economic policies and urged for the protection of workers' rights.

Meanwhile, Solidarność held its Third National Congress, in which it discussed the identity of the movement and the direction it should pursue: "the union must define its identity,"¹⁵⁴⁴ said Lech Kaczynski, a candidate for the post of Solidarność chairman. While Marian Krzaklewski stated that Solidarność needs "a return to moral values is a great chance for the union, for the union, for we are still the most important guarantor of the reforms and the main anticommunist force in Poland."¹⁵⁴⁵ Solidarność's identity was questioned intensively after the union had split. As stated before, Solidarność had unified different political and economic orientations since the first year of its formation, and it did not advocate a specific political or economic ideology. Its primary goal as a trade

¹⁵⁴² *Warsaw PAP*, "Government Reaches Agreement with IMF." FBIS-EEU-91-037. 25 February 1991. P: 46.

¹⁵⁴³ *Warsaw PAP*, "OPZZ on Revisions of Balcerowicz Economic Plan." FBIS-EEU-91-038. 26 February 1991. P 27.

¹⁵⁴⁴ *Warsaw RZECZPOSPOLITA*, "Solidarity Congress Debate Reported." FBIS-EEU-91-039. 27 February 1991. P: 38.

¹⁵⁴⁵ *Ibid.*

union and as social movement was to protect workers' rights and abolish the monopoly of the Communist Party over economic management. When Solidarność came to power, its unifying identity started to collapse. This was a natural development in the move toward a democratic system where interests and preference emerged to form different political parties and groups. Solidarność faced a challenge to its identity as a trade union, particularly after the implementation of the Balcerowicz Plan. It is important to remember that Solidarność's charismatic leader, Lech Wałęsa, was the major advocate for the idea of radical economic and political transformation to bring Poland to the status of Western Europe and integrate it with the rest of Europe, as part of 'returning to Europe' process. New challenges faced Solidarność. According to Tomasz Wolek:

The Solidarity trade union faces a fundamental choice. Is it to link worker's interests to the program of further radical economic reforms, or is it going to let itself be swept along with the current wave of workers' claims and demands. Seeking a compromise with Balcerowicz will prove to be a difficult and laborious process, but this is the only road that will allow Poland to catch up with Europe.¹⁵⁴⁶

In two days of the Solidarność Congress, 23-24 February, discussions took place about Poland's economic and political situation and about a new role for Solidarność in a new democratic Poland. The results of the first round of the votes for post of Solidarność chairman were as shown in Table 6.16 below.

Table 6.16: Results of the first round votes for the post of the third National Solidarność Chairman:¹⁵⁴⁷

Name	Number of Votes
Marian Krzalewski	134
Lech Kaczynski	129

¹⁵⁴⁶ *Warsaw ZYCIE WARSZAWY*, "Solidarity Seeks New Role for New Decades." FBIS-EEU-91-039. 27 February 1991. P: 39.

¹⁵⁴⁷ Ibid.

Bogdan Borusewicz	70
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After the commencement of the Balcerowicz Plan, the first stage of the program had proved to be a success in halting hyperinflation, however, the process of privatization in the second phase of institutional economic changes faced several obstacles. The Minister for Ownership Transformation, Janusz Lewandowski, presented a government proposal for re-privatization which promised compensation for people who lost their property in 1946 because of the collectivization of the Polish economy. Compensation would be in the form of capital bonds with no interest, which the owner could use to purchase stocks or shares in state-owned companies.¹⁵⁴⁸ Bielecki's economic agenda in general was continuation with the Balcerowicz Plan. Until now, liberals still occupying a powerful political position that enabled them to push for radical economic reform, in particular for ownership transformation the basis of capitalist market economy.

In the first quarter of 1991, optimism prevailed about the government and the situation in Poland, according to a poll conducted by the Public Opinion Research Centre.¹⁵⁴⁹ However, the situation in the economic sphere was alarming. Industrial production had decreased by 25 percent in the first quarter of 1991.¹⁵⁵⁰ In addition, the average retail consumer goods and service were 585 percent higher compared to 1990, but the inflation rate was lower than the

¹⁵⁴⁸ *Warsaw PAP*, "Minister Lewandowski on Reprivatization." FBIS-EEU-91-067. 8 April 1991. P: 37.

¹⁵⁴⁹ *Warsaw PAP*, "Poll on Bielecki Government: Optimism Prevails." FBIS-EEU-91-018. 28 January 1991. P: 29. In addition, the average retail consumer goods and service were 5

¹⁵⁵⁰ *Warsaw PAP*, "1990 Economic Report: Production off 25 Percent." FBIS-EEU-91-019. 29 January 1991. P: 27-32.

year of 1990.¹⁵⁵¹ Strikes had spread in several provinces in Poland. Farmers, for example, went on strike as a reaction to government policy. The government, therefore, presented its agricultural program for 1991, since it was the most affected sector in the process of economic transition. The government's agriculture policy was built on "seven factors:"¹⁵⁵²

- 1- An increase in food demand by 1 and 2 percent every year;¹⁵⁵³
- 2- Increase in food expenditure in households will increase compared with the rest of Europe.¹⁵⁵⁴
- 3- Population in rural area in Poland is 38 percent of the total population which means that "the number of people employed for every 100 hectares (21 people), is three to four times greater than in EEC countries;"¹⁵⁵⁵
- 4- "Poland's agricultural sector, with private farmer dominance, is not developing energetically, has few dynamic qualities, and is best described as 'waiting for better time;'"¹⁵⁵⁶
- 5- Agricultural industry in Poland is less competitive;¹⁵⁵⁷
- 6- Agricultural sector has to buy expensive industrial products at the same time sell its products in low prices, and thus, "a large share of agricultural profits is being absorbed by various intermediaries;"¹⁵⁵⁸

¹⁵⁵¹ *Warsaw PAP*, "Gross Domestic Product Drops 12 Percent." FBIS-EEU-91-020. 30 January 1991. P: 23.

¹⁵⁵² *Warsaw RZECZPOSPOLITA*, "Government Agricultural Policy Outline Reported." FBIS-EEU-91-034. 20 February 1991. P: 50.

¹⁵⁵³ *Ibid.*

¹⁵⁵⁴ *Ibid.*

¹⁵⁵⁵ *Ibid.*

¹⁵⁵⁶ *Ibid.*

¹⁵⁵⁷ *Ibid.*

¹⁵⁵⁸ *Ibid.*

7- By 1991, agricultural products faced market barriers which, therefore, “produced anxiety in the agricultural community, strikes, and numerous protests.”¹⁵⁵⁹

Built on the above-mentioned factors, the government announced its agricultural policy for 1991 as the following:¹⁵⁶⁰ 1) subsidies to agriculture and farmers and not to intermediaries; 2) the government will support a lower interest rate for agricultural loans; 3) protection of Polish producers from foreign competition and support producers to compete globally; 4) modernization of agriculture sector; and 5) continuation with structural and ownership changes in the agriculture sector.¹⁵⁶¹

After the privatization of the major five state enterprises, attention turned to another seven enterprises to be privatized (the Bytom Cloths Group; Wolczanla Lodz; the Swarzedz Furniture Works; the Orda Edible Fats Processing Works in Brzeg; the Krapkowice Shoe Factory; Okocim Brewery; the Inowroclaw Glass Works ‘Irena’).¹⁵⁶² Recession in the first quarter of 1991 had hit the five major state privatized enterprises and the Polish economy in general and presented the government with another difficulty in surviving the process of privatization. As of March 31, 1991, the budget deficit was 6.5 trillion zlotys, with great decline in industrial production.¹⁵⁶³ The “deteriorating situation,” said Janusz Lewandowski, Minister of Ownership transformation, “is a warning for the future. It makes it paramount to really analyze the financial health of an enterprise before we allow it to proceed to

¹⁵⁵⁹ Ibid.

¹⁵⁶⁰ Ibid.

¹⁵⁶¹ Ibid.

¹⁵⁶² *Warsaw TRYBUNA*, “Next Enterprises for Privatization Announced.” FBIS-EEU-91-034. 20 February 1991. P: 51.

¹⁵⁶³ *Warsaw PAP*, “Statistics Show Fall in Production, Deficit Up.” FBIS-EEU-91-079. 24 April 1991. P: 18.

privatize.”¹⁵⁶⁴ Large foreign companies, particularly U.S ones, started their plans to open different chains of popular supermarkets, such as Shop Rite and other European companies started their operation in Poland.¹⁵⁶⁵

Leszek Balcerowicz received less support in 1991, according to a poll conducted by the Public Opinion Research Center in February, when 67.5 percent of respondents opined that the economic program reform implementation had led to greater scarifies than expected.¹⁵⁶⁶ Prime Minister Jan Bielcki had followed the same criteria in appointing the ministries. He believed that the government should be technocratic, similar to Mazowiecki approach, that is to say- a government of experts.

A new Council for Ownership Changes was, therefore, formed from economists appointed to aid the Prime Minister in his economic plans for privatizing state enterprises.¹⁵⁶⁷ The Council comprised of nine advisors- Marek Dabrowski (Dean of Warsaw University Economic Institute); Barbara Blaszczyk (Dean of the Polish Academy of Sciences Economic Institute); Tomasz Kwiecinski (lawyer at the Adam Mickiewicz University); Julian Pankow (chairman of the ‘Zmiany’ [changes] Research Institute); Jozef Pyrgies (Lecturer at the Main School of Rural Economy); Piotr Soyka (Director of the J. Pilsudski Refitting Shipyard in Gdansk); Jan Szomburg (Director of the Gdansk Institute of Market Economy Research); Tomasz Wardynski (Polish legal advisor to the International Finance Corporation); and Andrzej Wieczorek (Chairman, Association of Workers Self-Management Activists).¹⁵⁶⁸ As

¹⁵⁶⁴ *Warsaw TRYBUNA*, “Recession Hits Privatized Companies.” FBIS-EEU-91-046. 8 March 1991. P: 40.

¹⁵⁶⁵ *Warsaw RZECZPOSPOLITA*, “Shop Rite Plans to Open Stores in Country.” FBIS-EEU-91-049. 13 March 1991. P: 45-46.

¹⁵⁶⁶ *Warsaw GAZETA WYBORCZA*, “Balcerowicz Receives Poor Poll Rating.” FBIS-EEU-91-050. 14 March 1991. P: 32.

¹⁵⁶⁷ *Warsaw GAZETA WYBORCZA*, “Council for Ownership Changes Formed.” FBIS-EEU-91-073. 16 April 1991. P: 25-26.

¹⁵⁶⁸ *Ibid.*, 26.

can be seen, the Council was formed from liberals who advocated the Western model of economic transformation. The Prime Minister himself was part of the Gdansk group of liberals. This liberal government (it was the second liberal government after Solidarność formed the first non-communist government in 1989, the Mazowiecki government) aimed to push the Polish economy further toward market capitalism, which had started with the Mazowiecki government but had slowed down due to splits within Solidarność and due to the increase in workers' dissatisfaction with the reforms.

Solidarność itself was divided in its support for the Balcerowicz economic program during the Mazowiecki and Beliecki governments. Talks between the government and Solidarność were underway in May in order to negotiate a government austerity program.¹⁵⁶⁹ A failure of negotiations between the government and Solidarność intensified the situation and increased tensions. As a result, Solidarność declared 22nd of May as a day for trade union protest against "the mistakes in the government's economic and social policy."¹⁵⁷⁰

The *Sejm* rejected the government's economic policy in May and, therefore, it prepared a new adjustment plan to its economic policy. The new adjustment economic policy was based on the following measures to restructure the economy in order to accelerate the process of transformation and to ensure social protection for workers: 1) transformation of state enterprises into state treasury companies should proceed as fast as possible, this included privatizing around 600 enterprises;¹⁵⁷¹ 2) accelerating the process of opening the Polish

¹⁵⁶⁹ "We do want market economy and parliamentary democracy but workers rights must be respected," the Solidarność National Commission declared in May 6, 1991. *Warsaw PAP*, "Solidarity Officials Criticize Government Policy." FBIS-EEU-91-091. 10 May 1991. P: 10.

¹⁵⁷⁰ *Warsaw TVP Television Network*, "Solidarity Declares 22 May Day of Protest." FBIS-EEU-91-091. 10 May 1991. P: 11.

¹⁵⁷¹ *Warsaw RZECZPOSPOLITA*, "Government Discusses Economic Policy Adjustments." FBIS-EEU-91-100. 23 May 1991. P: 14.

economy to foreign capital;¹⁵⁷² and 3) introducing more efficient measures for public finance.¹⁵⁷³ Balcerowicz had said that “there is a growing threat of a progressing paralysis of the decision-making process and the economy’s drifting into chaos,”¹⁵⁷⁴ and thus, he urged the *Sejm* to pass the government’s draft on economic laws to resolve the economic situation for the present year [1991].

The liberal Bielecki government aimed to accelerate the process of privatization. At the same time, Poland’s foreign debt burden was still the major problem facing Poland’s transformation. It is important to note that Western countries and commercial banks negotiated the debt with Poland in order to help Poland’s economic transition and secure funding for the process.¹⁵⁷⁵ Meanwhile, President Lech Wałęsa,¹⁵⁷⁶ in a letter to the Prime Minister, Jan Bielecki, proposed that the parliament should grant the government ‘special power’ to deal with economic matters through issuing decrees [remember here that Wałęsa had proposed this idea before, during Tadeusz Mazowiecki’s government, but it was rejected by the *Sejm*].

The parliament again rejected Wałęsa’s idea of granting the Council of Ministers ‘special powers’ to deal with economic matters by issuing a regulation with the force of law. By the end of May, industrial production had declined by 1.7 percent since April.¹⁵⁷⁷ In

¹⁵⁷² Ibid.

¹⁵⁷³ Ibid.

¹⁵⁷⁴ *Warsaw PAP*, “Balcerowicz Urges Passages of Economic Laws.” FBIS-EEU-91-109. 6 June 1991. P: 18.

¹⁵⁷⁵ *Warsaw PAP*, “Final Agreement Reached with Paris Club on Debt.” FBIS-EEU-91-078. 23 April 1991. P: 33.

¹⁵⁷⁶ Wałęsa letter reads: “bearing in mind the economic situation in Poland, I see the need to undertake immediate and effective measures, to quickly make the economy function more efficiently. Economic issues in political attitudes are one of the most important problems in Poland, and we cannot wait any longer, particularly because the normal legislative process in the *Sejm* takes time. Certain issues ought, however, to be solved by quick procedure.” *Warsaw Radio Warszawa*, “Walesa’s Letter Read.” FBIS-EEU-91-113. 12 June 1991. P: 27.

¹⁵⁷⁷ *Warsaw PAP*, “Production Falls, Exports Grow in May.” FBIS-EEU-91-117. 18 June 1991. P: 21-22

addition, imports had dropped, according to a GUS report, by 2.5 percent.¹⁵⁷⁸ By June 11, the World Bank granted Poland one billion dollars: “this is the first time the World Bank is granting any country such a high loan. If the Board of Directors approves at its 25 June meeting a loan to finance energy generation, Poland will receive \$1 billion from the World Bank this year.”¹⁵⁷⁹ Money granted by the World Bank was a result of its approval of the economic reforms initiated by Deputy Prime Minister and Minister of Finance, Leszek Balcerowicz. The World Bank Loan with its low rate of interest, would be used for the following purposes: 1) \$ 280 million for privatization of state enterprises; 2) \$ 200 million devoted for agriculture; 3) \$ 100 million for employment programs; 4) and \$ 340 million for modernizing the heating system.¹⁵⁸⁰ By August 12, the government began the liquidation process of over 500 enterprises.¹⁵⁸¹

What is remaining of Solidarność of 1980?

The aim of this chapter is to investigate the political developments that occurred after Solidarność’s massive victory in the June 1989 elections for the *Sejm*, after the new Senate was established, and after the surprising changes in the PZPR alliance and its support for Wałęsa’s idea that Solidarność should head the government. All of these political developments had created a new reality for Solidarność and gave it a new role to play for years to come. Solidarność emerged after several years of conflicts and government failure to give a real role to workers in managing the economy and selecting managers in state-enterprises. Solidarność, as mentioned in chapter three, was established when the economic

¹⁵⁷⁸ Ibid.

¹⁵⁷⁹ *Warsaw RZECZPOSPOLITA*, “World Bank Approves 1 Billion in Credits.” FBIS-EEU-91-117. 18 June 1991. P: 21.

¹⁵⁸⁰ Ibid.

¹⁵⁸¹ *Warsaw PAP*, “Over 500 State Enterprises Liquidated.” FBIS-EEU-91-156. 13 August 1991. P: 21.

situation opened an opportunity for workers to negotiate with the Communist ruling party to create an independent self-governing trade union. Spontaneous general strikes forced the government, during that time, to sit at the same table and reach a compromise with Solidarność in August 1980. The official registration of Solidarność created a new phenomenon in communist Eastern Europe, “that new system was to be based on self-organization developing from the bottom up and also on the principles of democracy.”¹⁵⁸²

Solidarność advocated egalitarianism of workers and opposed the system of *nomenklatura* as a class which enjoyed the privileges of the ruling party. Thus, Solidarność’s major demand was the elimination of the *nomenklatura* system and the creation of self-management bodies in state enterprises. Solidarność’s 21 demands and its Statute declaration in 1981, defined the movement’s political and economic agenda during that time. However, “during the 11 intervening years Solidarity changed from an embodiment of emancipation into a symbol of new mechanisms of exploitation and domination. It changed from a symbol which united the exploited and regressed into its exact opposite: a new political and financial establishment,”¹⁵⁸³ stated Jozef Pinior, member of Solidarność National Board. Solidarność’s main goal was to establish self-managed enterprises by workers instead of the central planners. This aim was formulated after government failure to meet workers’ demands. Workers councils, therefore, flourished right after the agreement with the government to legalize Solidarność as an independent trade union. Pinior argued that Solidarność in the 1980s differed from Solidarność in the post-Communist period. He stated:

Unfortunately, the working people allowed the program of the ‘Self-Governing Republic’ to be taken away from them. They acquiesced, silently and without resistance, to a manifestly antisocial program devised for Poland by the IMF.

¹⁵⁸² Wroclaw SLOWO POSLSKIE, “Return to Solidarity’s 1980 Ideals Urged.” FBIS-EEU-91-159. 16 August 1991. P: 13.

¹⁵⁸³ Ibid.

Instead of putting up a protest, Solidarity agreed to play the role of peculiar 'transmission belt' between procapitalist governments on the one hand and workers and the intelligentsia on the other. *The egalitarian and democratic ethos of the 21 Gdansk demands has been suspended by a program for the creation of a new middle class: a class which will agree to anything small, such as small stores, small-scale speculation, and subordination to the world centers of capitalism. It is the ideas of that new middle class - not those of the working people - that now seem to occupy the minds of yesterday's leaders and underground leaders.*

*I belie that we will be witnessing this particular kind of alienation from the ideas of the 1980 revolution for quite some time to come.*¹⁵⁸⁴ (Italics added)

As often happens with social movements in world history, after they have achieved their goals they begin to transform into something else - a party or association, or they even disappear. Solidarność was no different. Solidarność, a movement once unified against the hegemony of Communist Party, began to divide along different political and economic lines. This development was a natural thing during the transition period. After the 'roundtable' Solidarność came to play the role of a political party. It decided to put forward its list of parliamentary candidates. It had undergone a split into different political groups and parties. In 1990, it divided between supporters of Mazowieck and supporters of Wałęsa. By 1991 it had split into a trade union and different political parties.

Euphoria emerged after Solidarność's victory opened a new opportunity for liberals to propagate their ideas. One can say that, of all the competing ideas, Balcerowicz and his team were the most prepared to lead the change in the economic systemic. Pro-capitalist circles proliferated during martial law because of its devastating effects on state-society relations. When Mazowiecki came to power in August 1989, he selected Balcerowicz to form the economic policy for the country. Balcerowicz's one and only idea was that the state socialist economy was the major cause of Poland's economic crisis and, therefore, only a capitalist

¹⁵⁸⁴ Ibid.

market economy could save it. Wałęsa himself admitted the benefits of adopting a Western model of capitalism, at the same time criticizing Western countries for closing their markets to Polish products. He said in an interview with BBC Radio in September 1991 that:

The West has been trading for decades. That is not cheating; that is the philosophy of life of the West. The West always did business only. Thanks to the West we have the present system, and the debts we have are also thanks to the West.... We have opened up. Look at the streets - the Polish, Czechoslovakian, and Hungarian ones - look at what is here, and then try and see our goods in the West. We only want equal treatment and access. We let the West in; the West has not let us in. So far the West has made money out of us, but not us out of the West. We will have to start defending ourselves.¹⁵⁸⁵

Wałęsa stated that Poland had opened up its economy to attract foreign companies to invest in and bring hard currency and consumer goods. However, he criticized Western markets for closing their doors to Polish products.¹⁵⁸⁶ Poland was still going through the process of establishing a new institutional structure in its political and economic system. There was, therefore, still a lack of laws protecting industrial property, patents and copyrights that met global standards and would protect Polish producers in the global economy.¹⁵⁸⁷

Solidarność ceased to be a unified movement and it divided into diverse political groups besides its original entity as a trade union. The elections of the *Sejm* and the Senate on October 27 were a decisive moment which further confirmed Solidarność's divisions and its

¹⁵⁸⁵ *Warsaw Radio Warszawa Network*, "Walesa Criticizes Closed Western Markets." FBIS-EEU-91-191. 2 October 1991. P: 22.

¹⁵⁸⁶ Literatures on globalization had dealt with the issue of fair trade and the positive and negative impacts of economic interdependence in developing countries. See for example, Joseph Stieglitz 2002 book, "Globalization and its Discontents."

¹⁵⁸⁷ On another occasion, President Wałęsa referred to the need for fair trade with Western countries: "we have to tell Europe clearly and resolutely: while they force 10 percent of their products on ours. We buy their products, but they are reluctant to allow our insignificant quantity of beef onto their market. If we barred the way for them, they will lose 10 percent, but we would only lose 1 percent. So we should as them: whose interest is it in to actually accept us?" *Budapest NEPSZBADSA*G, "Walesa Views 'Mutual Interdependence' with West." FBIS-EEU-91-196. 9 October 1991. P: 19. In answering a comment by Miklos Ritecz: "Mr. President! One of the most important issues for our countries is our accession to Europe and to pan-European organizations. At the same time, it seems that the instability in our region has made the West adopt a more reserved attitude toward us..." Ibid. To see the whole interview, return to the same source.

weakening. The results of the elections proved that “the scenario offering hope that was based around the ‘Solidarity’ camp has collapsed. The persons processing authority in that camp were rejected. Communist dictatorship failed to destroy ‘Solidarity’ in ten years; the war at the top achieved that in one and a half years.”¹⁵⁸⁸ After the election, as Adam Michnik argued, “Solidarity will only be a caricature of its own myth and dream of power.”¹⁵⁸⁹

Political uncertainty and change in 1991

In a poll conducted by the Public Opinion Research Centre (CBOS) from 23 to 26 August, a total of 81 percent of respondents stated their dissatisfaction with living standards, while 14 percent stated that living standards were fair, and 3 percent thought they were good.¹⁵⁹⁰ In addition, 63 of people polled said that the changes in the economy were worse.¹⁵⁹¹ With public discontent with the way change was taking place, the political instability between President Lech Wałęsa and the *Sejm* worsened the situation. Wałęsa had difficulty forming a government in 1991. The political crisis intensified uncertainty and chaos in Poland. In addition, the economy was suffering from recession and a high rate of unemployment. As mentioned earlier, the process of privatization, as part of the second phase of institutional restructuring, had slowed down due to political instability and splits within the Solidarność movement. Solidarność had declared May 22 as a day of protest against the government’s economic and social policies. Solidarność’s call for protests signified the end of the protective umbrella shielding the government from society’s reaction against its economic program. The

¹⁵⁸⁸ *Warsaw GAZETA WYBORCZA*, “Michnik Notes Collapse of Solidarity Myth.” FBIS-EEU-91-216. 7 November 1991. P: 17.

¹⁵⁸⁹ *Ibid.*

¹⁵⁹⁰ *Warsaw PAP*, “Poll Finds Discontent within Population.” FBIS-EEU-91-171. 4 September 1991. P:

¹⁵⁹¹ *Ibid.*

protests also signified the government's inability to negotiate and reach an agreement and compromise with workers. Consent to the government's economic program and the needed sacrifices had declined. A "state of crisis," as Adam Michnik described it, emerged after the inability of both the Mazowiecki and Wałęsa governments to reach a consensus and compromise with workers over its economic policy. Thus, according to Michnik, "there is danger that yet another reform government will collapse [referring to the Beliecki government]. It is difficult to think about things without a feeling of concern."¹⁵⁹² Tensions also increased between President Lech Wałęsa and the *Sejm* about the issue of electoral law which he had vetoed twice already by June 1991. The *Sejm* supported the idea of voting for parties and individuals candidates in the election, while Wałęsa advocated the idea of voting for parties only. Relations between the president and the *Sejm* deteriorated further when the *Sejm* overrode Wałęsa's veto on election law, when 261 deputies voted to pass the law, 100 voted against and 9 abstained.¹⁵⁹³ On the other hand, the *Sejm* had turned down President Wałęsa's draft laws on the amendment of the Constitution and on the electoral ordinance law, in which 222 voted against¹⁵⁹⁴ the draft law for the amendment of the Constitution, while 258 rejected¹⁵⁹⁵ the President's draft electoral ordinance.¹⁵⁹⁶

¹⁵⁹² *Warsaw GAZETA WYBORCZA*, "Union Protest, Threat of 'Chaos' Viewed." FBIS-EEU-91-103. 29 May 1991. P: 30.

¹⁵⁹³ *Warsaw Radio Warszawa Network*, "Sejm Overrides Presidential Veto on Election Law." FBIS-EEU-91-125. 28 June 1991. P: 13.

¹⁵⁹⁴ For President draft law on the amendment of the Constitution, there were 222 votes against, 102 for, and 17 abstentions. *Warsaw PAP*, "Sejm Rejects Walesa Election, Constitution Bill." FBIS-EEU-91-133. 11 July 1991. P: 18.

¹⁵⁹⁵ For President draft law on electoral ordinance, there were 258 votes against, 89 for, and 14 abstentions. *Ibid.*

¹⁵⁹⁶ *Ibid.*

In the first half of 1991, the state budget deficit amounted to 13 trillion zlotys and the price of foodstuffs had increased by 19.9 percent compared with 1990.¹⁵⁹⁷ The number of strikes also increased in the first half of 1991, with a total 271 strikes staged compared with 91 strikes in the first half of 1990, and around 159 strikes in the last quarter of 1990.¹⁵⁹⁸ Strikes were part of Solidarność's history in Poland throughout the 1980s, as showed in chapter three. In May of 1991 alone, there were 103 strikes¹⁵⁹⁹ in response to Solidarność National Commission Resolution number 135/91 in regard to Poland's social and economic issues.¹⁶⁰⁰

On several occasions, mentioned in previous chapters, protests and strikes were a reaction against the government's economic program. Protests against government totalitarianism in both the economic and political spheres erupted on several occasions, protesting about the government's monopoly of information and against the hegemony of the Communist Party. After the collapse of Communism, and during the transition period, the number of strikes noticeably increased. Since the commencement of the Balcerowicz Plan, and its impact on workers, the number of strikes increased in 1990. One major reason for an increased rate of strikes was privatization and liquidation of state enterprises. The number of unemployed increased immensely. At the end of December 1991, there were 2.1556 million unemployed workers, an average of 85,800 increases a month.¹⁶⁰¹ The number of strikes increased in 1991 with 305 strikes, 292 in the state sector and 13 in the private sector.¹⁶⁰² As mentioned before, Solidarność staged strikes against government economic policies on May 22, 1991. There

¹⁵⁹⁷ *Warsaw PAP*, "GUS Releases Data on Production, Deficits, Pay." FBIS-EEU-91-142. 24 July 1991. P: 18.

¹⁵⁹⁸ *Ibid.*

¹⁵⁹⁹ *Warsaw RZECZPOSPOLITA*, "Statistical Report on 1991 Socioeconomic Situation." FBIS-EEU-92-098-S. 20 May 1992. P: 18.

¹⁶⁰⁰ *Ibid.*, 19.

¹⁶⁰¹ *Ibid.*, 17.

¹⁶⁰² *Ibid.*

were 58 strikes in February; 97 in June 97 and 103 in May.¹⁶⁰³ The strikes in 1991 involved more than 221,300 workers.¹⁶⁰⁴ The following table presents data from Warsaw *RZECZPOSPOLITA* on February 6, 1992 (PP: I-IV) and shows the number of strikes in 1990 and 1991.

Table 6. 17: Number of Strikes in 1990 and 1991 for various sectors:¹⁶⁰⁵

Item	Number of Strikes		Persons Striking		Working days lost (thousands)
a equals 1990			Total		
b equals 1991			Thousands	Percentage of total employment (a)	
Total	A	250	115.7	29.7	159
	B	305	221.3	41.4	517.9
Industry	A	52	72.7	37	49.7
	B	188	187.6	41.1	335.5
Construction	A	1	0.1	7.9	0.3
	B	6	1.5	27.4	10
Framing	A	3	0.1	17.9	0.3
	B	25	4.3	53.2	49.5
Transportation	A	131	18.2	16.5	60.4
	B	34	6.4	35.9	25.4
Trade	A	33	6.8	25.3	8.4

¹⁶⁰³ Ibid.

¹⁶⁰⁴ Ibid.

¹⁶⁰⁵ Ibid., 19.

	B	3	0.4	16.5	0.1
Community services	A	29	17.7	34.4	31.9
	B	18	19.4	46.7	91
Education	A	0	0	0	0
	B	28	1.4	73.7	6.2
(a) in those units in which the strikes occurred					

As a result for increasing strikes, President Wałęsa declared his readiness to use force to save the country: “if I was to face anarchy, or widespread strikes.”¹⁶⁰⁶ By this time, Balcerowicz had announced that he would not stand in the elections for the *Sejm*. Economic instability was accompanied with a rise in corruption and fraud, and also with a rise of different political groups and parties, creating an atmosphere of uncertainty and fear, especially with elections coming soon. In a poll conducted in August of the same year, when respondents were asked what was the greatest problem facing Poland, the answer was that corruption was deemed as a “very great problem.”¹⁶⁰⁷

The process of privatization had different approaches in Poland since the commencement of ‘shock therapy’ and the Balcerowicz Plan in January 1990. The actual start for the privatization came after the *Sejm* passed a privatization law in July 1990. The number of workers employed in public sector was 0.9 million lower in 1991 compared with 1990¹⁶⁰⁸

¹⁶⁰⁶ *Warsaw PAP*, “Walesa Willing to Use Force to Save Country.” FBIS-EEU-91-144. 26 July 1991. P: 19. Wałęsa added in a phone call to the SZTANDAR MŁODYCH Daily, “I will fight alone against everybody to save the country. I could be on the verge of anarchy but I would never let anarchy break out. If a question about a possibility of introducing the state of emergency... Yes, I would do this if I was to save the country. But may I never have to do this.” Ibid.

¹⁶⁰⁷ *Warsaw PAP*, “Poll Finds Corruption ‘Great Problem.’” FBIS-EEU-91-153. 8 August 1991. P: 20.

¹⁶⁰⁸ *Warsaw RZECZPOSPOLITA*, “Statistical Report on 1991 Socioeconomic Situation.” FBIS-EEU-92-098-S. 20 May 1992. P: 17.

while the number of people employed in the private sector rose by 0.3 million.¹⁶⁰⁹ The number of unemployed people was a total of 1,029,400 higher than in 1990. Table 6.18 below shows the number of workers in the public and private sectors in 1990 and 1991.¹⁶¹⁰ However, the number of people employed in the pre-existing private sector rose in 1991 by 0.7 million.¹⁶¹¹

Table 6.18: Employment in public and private sector from 1990-1991:

Employment	1990	1991
Total	100	100
Public Sector	66.4	61.8
Private Sector	33.6	38.2
Pre-existing private sector	18.8	25.7

The main areas in which employment increased were services and communication, while it decreased in transportation and industry.¹⁶¹² The number of unemployed in December of 1991 was 1,029,400 higher than in December 1990,¹⁶¹³ an increase of 91.4 percent.¹⁶¹⁴ The following table presents the percentage of unemployed workers from 1990-1999. (Note: unemployment was not recorded during the period of state socialism).

¹⁶⁰⁹ Ibid.

¹⁶¹⁰ Ibid.

¹⁶¹¹ Ibid.

¹⁶¹² Ibid.

¹⁶¹³ Ibid.

¹⁶¹⁴ Ibid.

Table 6. 19: Unemployment in Poland, 1990-1999.¹⁶¹⁵

Year	%Unemployed	Year	Unemployed
1990	6.5	1995	14.9
1991	12.2	1996	13.2
1992	14.3	1997	10.3
1993	16.4	1998	10.4
1994	16.0	1999	13.1

The number of unemployed increased in the voivodships, in particular in Gdansk (138.5 percent); Wloclawek (133.6 percent); Opole (127 percent); Szczecin (124.7 percent); Ostroleka (123.2 percent); Czestochowa (122.7 percent); and Slupsk (121.8 percent).¹⁶¹⁶ According to a GUS report, Poland registered the highest unemployment in Europe, similar to Belgium, Denmark and France rate of unemployment.¹⁶¹⁷ Unemployment was one of the negative consequences of the Balcerowicz plan. Unemployment had another negative impact - an increase in the number of people emigrating because of the economic situation. In addition, a dark side of restructuring the Polish economy was growing poverty, as mentioned before.

¹⁶¹⁵ Original source: GUS, 2007: 30, cited in Jane Hardy, *Poland's New Capitalism* (Pluto Press, 2009), Table 7.1, P: 120.

¹⁶¹⁶ *Warsaw RZECZPOSPOLITA*, "Statistical Report on 1991 Socioeconomic Situation." FBIS-EEU-92-098-S. 20 May 1992. P: 17.

¹⁶¹⁷ *Ibid.*, 18.

‘Sector Privatization’

Privatization, as part of the institutional changes taking place in the Polish economy, took several approaches and tracks, as stated before. ‘Spontaneous privatization’ had occurred long before political transition in 1989. In 1981, the Law on State-owned Enterprises permitted the managers of State-Owned Enterprises (SOEs) to manage the assets of their firms.¹⁶¹⁸ In December 1988, another law, Law on Business Activity gave the Directors of SOEs further authority, as described by Richard Hunter and Leo Ryan:

Transferring their assets to newly established private commercial companies in which they themselves were partners or directors. “Spontaneous privatization” was the term applied to these “inside” transactions. Many directors of SOEs exercised their legal prerogatives and derived generous capital gains through the sale to themselves of assets at or below the fair market value. Regulations were introduced in 1991 to prevent these “ownership experiments,” but much damage had been done.¹⁶¹⁹

It was after the Law on Business Activity that many Communist directors became ‘capitalists.’¹⁶²⁰ After the Act of 13 July 1990 on Privatization of State-owned Enterprises, the Mazowiecki government adopted two approaches to privatization: direct (liquidation) and indirect (capital).¹⁶²¹ Small-scale privatization started very fast in small businesses, retail trade, catering, and the service sector. It led to the privatization of 60,000 shops leased or sold in 1990-91.¹⁶²² It “consists of setting up new private enterprises or purchasing small enterprises (or often parts of an enterprise) to form a new business.”¹⁶²³ Another approach to

¹⁶¹⁸ Richard J. Hunter and Leo V. Ryan, *From Autarchy to Market: Polish Economics and Politics, 1945-1995*, (Praeger: Westport, Connecticut London, 1998), 112.

¹⁶¹⁹ Ibid.

¹⁶²⁰ Ibid., 113.

¹⁶²¹ Piotr Kozarzewski, “Corporate Governance and Secondary Privatisation in Poland: Legal Framework and Changes in Ownership Structure.” *CASE Network Studies and Analyses* 263 (2003): 11.

¹⁶²² Jeffery Sachs, “Accelerating Privatization in Eastern Europe: The Case of Poland,” *Wider Working Papers* (September 1991): 2.

¹⁶²³ Richard J. Hunter and Leo V. Ryan, *From Autarchy to Market: Polish Economics and Politics, 1945-1995*, (Praeger: Westport, Connecticut London, 1998), 116.

privatization started in July 1991 was the so-called ‘quick privatization.’¹⁶²⁴ Quick privatization entailed the privatization of small and medium size state enterprises. In this approach, investors could be individuals, employees, or corporate groups, but only Polish nationals could enter negotiations for the purchase. Around 46 state enterprises were privatized through ‘quick privatization’ between July 1990 and March 1992.¹⁶²⁵

A new concept/ approach introduced in the second phase of the economic restructuring program of privatization was the so-called ‘sector privatization.’ In July of 1991, the Minister of Ownership Transformation, Janusz Lewandowski, announced the sector privatization program, which differed from the general privatization program. Sector privatization involved the preparation for privatization of 34 sectors of state enterprises.¹⁶²⁶ The number of state-owned enterprises decreased from 32 in 1990 to 741 by the end of 1991, with an increase in private companies.¹⁶²⁷ The table below presents the number of economic units operating in Poland between 1990 and 1991.

Table 6.20: Numbers of economic units in 1990 and 1991:¹⁶²⁸

Public Sector		
	Enterprises	Companies
a equals 31 Dec 1990		
b equals 31 Dec 1991		

¹⁶²⁴ Ibid., 133.

¹⁶²⁵ Ibid., 134.

¹⁶²⁶ *Warsaw ZYCIE WARSZAWY*, “Sector Privatization’ Concept Announced.” FBIS-EEU-91-144. 26 July 1991. P: 22.

¹⁶²⁷ Ibid.

¹⁶²⁸ *Warsaw RZECZPOSPOLITA*, “Statistical Report on 1991 Socioeconomic Situation.” FBIS-EEU-92-098-S. 20 May 1992. P: 20.

	Under local authority ownership	Under state- ownership	Treasury ownership	State holdings
Total				
A	32	8,453	248	1,135
B	741	8,228	376	909
Industry				
A	2	2,861	41	312
B	54	3,009	177	277
Construction				
A	4	1,595	57	190
B	124	1,367	46	145
Framing				
A	5	1,543	2	36
B	42	1,833	2	29
Forestry				
A	0	55	0	4
B	0	51	1	2
Transportation				
A	0	451	4	34
B	2	529	14	33
Communication				
A	0	4	0	0

B	0	5	0	0
Trade				
A	0	566	63	121
B	11	608	67	166
Other material production branches				
A	0	97	44	285
B	5	115	19	123
Community Services				
A	18	872	3	11
B	421	379	2	11
Non-material services				
A	3	408	34	142
B	82	332	48	122
Private Sector				
a equals 31 Dec 1990				
b equals 31 Dec 1991				
	Private Companies	Joint ventures	Cooperatives	Foreign small-scale production enterprises
Total				
A	33,239	1,645	16,650	862
B	47,690	4,796	17,374	787
Industry				
A	7,014	853	2,411	739

B	9,182	2,099	2,535	656
Construction				
A	5,646	71	732	77
B	9,122	319	996	79
Farming				
A	342	48	4,244	2
B	356	64	4,141	1
Forestry				
A	36	4	0	0
B	48	6	0	0
Transportation				
A	356	67	187	2
B	780	207	273	2
Communication				
A	56	5	0	0
B	102	14	6	1
Trade				
A	8,661	198	3,650	15
B	16,377	1,158	3,766	30
Other material production branches				
A	7,098	258	454	18
B	6,073	413	348	11
Community services				

A	160	6	64	2
B	234	14	77	1
Non-material services				
A	3,870	135	4,908	7
B	5,416	502	5,232	6

Special Powers idea

Another major issue that attracted much debate was President Wałęsa's proposal to grant the government 'special power.' It was not the first time that he had urged the *Sejm* to grant the government power to manage economic matters with the force of decree. Special power idea created great tensions between Wałęsa and Mazowiecki supporters in 1989-1990. President Lech Wałęsa again urged the *Sejm* in 1991 to approve his proposal to grant the government 'special power' to handle economic issues by the force of law to avoid pressure from different social and political groups on economic matters. At the beginning of September, the *Sejm* discussed government's draft of the constitutional amendment law "allowing the government to issue decrees with the power of law."¹⁶²⁹ 'Special power' meant that only the Council of Ministers would have the right to legislate initiatives throughout the period assigned for a special power.¹⁶³⁰ It also entailed issuing decrees concerning economic issues, including amending the commercial code. On the other hand, 'special power' would not touch issues of "important systemic and political questions or those of special importance

¹⁶²⁹ *Warsaw PAP*, "Draft Constitutional Bill, Amendment Bill Viewed." FBIS-EEU-91-173. 6 September 1991. P: 21.

¹⁶³⁰ *Ibid.*

for civic rights and duties.”¹⁶³¹ ‘Special power,’ in the words of Jan Bielecki, during his speech addressing the *Sejm* in September 6, would “enable the reforms to be protected against the opportunism of political games... the idea is to strengthen the standing of the executive power in this proposal exclusively to the current moment.”¹⁶³² For politicians supporting this idea, the need for ‘special power’ was justified by the political and economic difficulties of the transition period from a socially planned authoritarian system to a democratic capitalist system. These decrees would abide by the law and would be limited to a specific period of time. Special powers meant a reduction in the role of the *Sejm*. Thus, opposition arose around ‘special power law.’ OPZZ argued that the government’s ‘special power’ had to be limited to “matters of restructuring and functioning of the economy,”¹⁶³³ and should “expire on the day the newly elected parliament meets for its first session.”¹⁶³⁴ Opposition against the idea of ‘special power’ also came from the Democratic Party (SD), which also argued that this power would deprive the *Sejm* of its powers and would mean a change in the political system of Poland,¹⁶³⁵ and described it as a “coup against democracy.”¹⁶³⁶ The Christian-Social Union (UChS) also expressed its reservations about ‘special power’ and similarly argued that this power should be limited to specific economic issues and should end when the new *Sejm* was elected.¹⁶³⁷ The parliamentary club of the Polish Peasant Party (PSL) voiced its rejection of ‘special power’ proposal.¹⁶³⁸ Support for ‘special power’ came from the Citizens’

¹⁶³¹ Ibid.

¹⁶³² *Warsaw Radio Warszawa Network*, “Bielecki 6 Sep Speech to Sejm Reported.” FBIS-EEU-91-174. 9 September 1991. P: 20.

¹⁶³³ *Warsaw PAP*, “Opposition Reported.” FBIS-EEU-91-173. 6 September 1991. P: 21.

¹⁶³⁴ Ibid.

¹⁶³⁵ Ibid.

¹⁶³⁶ *Warsaw PAP*, “Sejm Debates Special Powers; Party Views Reported.” FBIS-EEU-91-174. 9 September 1991. P: 19.

¹⁶³⁷ *Warsaw PAP*, “Opposition Reported.” FBIS-EEU-91-173. 6 September 1991. P: 21.

¹⁶³⁸ *Warsaw PAP*, “Sejm Debates Special Powers; Party Views Reported.” FBIS-EEU-91-174. 9 September 1991. P: 19.

Parliamentary Club (OKP). The Labor Solidarność Club expressed its conditional support for ‘special power’ as long as it stayed in the sphere of economic matters and did not extend to political matters.¹⁶³⁹ In handling the government’s proposal for ‘special power’ the *Sejm* assigned an extraordinary committee to examine the proposal. The *Sejm*’s extraordinary committee voted on September 10 in favor of a “positive concept of the Special Power Bill.”¹⁶⁴⁰ The *Sejm* rejected the constitutional bill presented by the government to authorize the government to issue decrees with the force of law.¹⁶⁴¹

The Liberal Democratic Congress supported the idea of ‘special power’ to grant the government needed power to speed the rate of economic reform, particularly under the leadership of Bielecki who belonged to the liberal camp.¹⁶⁴² President Wałęsa urged for the need to accelerate economic and political transition. When he assumed the office of President, he faced a new political reality and challenge from the *Sejm*. He referred to the *Sejm* as a result of semi-democratic procedures, and asked for an early election to the *Sejm* and the Senate. In his own words, Wałęsa said:

I wanted to accelerate, and I also tried to do so. I did this until I realized that I was not able to cooperate with a parliament where 65 percent of deputies had gained their seats with the support of the Polish United Workers Party, on the basis of a roundtable agreement. Naturally, this also affected the program of acceleration. We should change the legal system that we inherited from the past, but only our Parliament can do that. In other words, my program of acceleration

¹⁶³⁹ Ibid.

¹⁶⁴⁰ *Warsaw PAP*, “Sejm Committee Views Bill on Special Powers.” FBIS-EEU-91-176. 11 September 1991. P: 19

¹⁶⁴¹ *Warsaw Radio Warszawa Network*, “Sejm Rejects Special Powers; Bielecki Respond.” FBIS-EEU-91-179. 16 September 1991. P: 22.

¹⁶⁴² The Liberal-democratic Congress had announced its readiness to run for the *Sejm* and the Senate. On top of the candidate list was Prime Minister Jan Krzysztof Bielecki, Donald Tusk chairman of KLD, Janusz Lewandowski, Minister of Ownership Transformation (privatization); Andrzej Arendarski president of the National Economic Chamber; Pawel Piskorski general secretary of the Liberal-Democratic Congress. In addition, former minister of state Jacek Merkel; Minister of Labor and Social Policy Micheal Boni; Andrzej Zarebski government spokesman, and Krzysztof Zabinski head of the Office of the Council of Ministers. These were few names of liberals involved in Bielecki government who would also run for the *Sejm* and the Senate upcoming elections in October 1991. Source: *Warsaw ZYCIE WARSZAWY*, “Liberal Democrats Finalize Election List.” FBIS-EEU-91-181. 18 September 1991. P: 21.

was slowed down by the previous agreement, and I am paying now for the transition. Nevertheless, I hope that, with the new parliament, we will make up for the delay. The deputies of this Parliament will already have the mandate for cooperation. Up to now, it was only I who had this mandate.¹⁶⁴³

As stated before, Wałęsa was one of the major advocates of the idea of ‘shock therapy.’ During the Mazowiecki government, he urged the *Sejm* to give the government ‘special power’ to accelerate the process of economic and political transition. His idea of ‘special power’ for the government led to a split within the Solidarność movement and created much debate and criticism of Wałęsa. Wałęsa’s economic agenda was based on the idea of accelerating the process of transformation. As he stated in an interview, when asked if he had succeeded in accelerating the process of changes, he responded that:

I considered the fast implementation of changes to be very desirable and, I believe, I have accelerated these changes to a fair extent since last year. However, at the very beginning, I realize that I would not be able to work with Parliament. If I were meeting with groups of deputies in which there were 65 percent communists and only 35 percent of our people, it would have meant that I had approved this configuration and these forces. This is why I gave up cooperating with Parliament and did my best to dissolve it. We have communist laws that we had to change, laws are amended in Parliament, and Parliament slowed down and blocked my efforts to accelerate changes.¹⁶⁴⁴

President Wałęsa had repeated that the inability to cooperate with the *Sejm* was the primary reason why his plan for acceleration had been halted. The rejection of Wałęsa’s ‘special power,’ proposal was a clear sign of wide disagreement between the executive and the legislative powers in this sensitive transition phase. President Wałęsa argued that the *Sejm*, which was a result of a compromise between the government and the opposition, stalled

¹⁶⁴³ *Budapest NEPSZBADSA*G, “Walesa Views ‘Mutual Interdependence’ with West.” FBIS-EEU-91-196. 9 October 1991. P: 20. In answering the question by Miklos Ritecz, “During the election campaign, still in his capacity as the chairman of Solidarity, Lech Walesa promised a program of acceleration to the Polish masses. What is the reason that you stopped this program in your position as president?” Ibid.

¹⁶⁴⁴ *Prague RESPEKT*, “Walesa Views Current Problems in Europe.” FBIS-EEU-91-202. 18 October 1991. P: 38.

reforms. He, therefore, urged for its dissolution and called for new elections for the Parliament.¹⁶⁴⁵ The process of transformation did not reverse when Wałęsa came to power, despite the rising criticism and strikes against the Balcerowicz plan. To be more specific, Wałęsa supported the Balcerowicz plan to transform the Polish economy from a state controlled to a capitalist model similar to advanced Western countries, but he later criticized the plan for increasing unemployment. Wałęsa kept Balcerowicz as the Finance Minister, but later, in the new government (23 December 1991), another Finance Minister was selected. For Wałęsa:

Leszek Balcerowicz is a great politician, and he had excellent plans. However, he would need another Balcerowicz to work with him. The first Balcerowicz is an excellent businessman- he kept his hands firmly on the coffers, kept the lid on inflation, and was good at dismantling things, which led to the closure of enterprises and to unemployment. He fulfilled his task better than anyone else. However, another Balcerowicz should be able to glue the pieces back together, put the still waters into motion, find a new orientation for industry, and give jobs to the employed. Unfortunately, we have found no one like that.¹⁶⁴⁶

One major reason for keeping Balcerowicz was that he had been involved in the process of reform for more than a decade since the Communist era. In addition, Balcerowicz and his team of economists were the only group that had been involved in and handled the economy of Poland since late 1989. In a similar vein, Bielecki had asserted that Poland needed Balcerowicz's experience with Polish economic reforms: "Balcerowicz is not so much a symbol of a good or bad finance minister as he is a symbol of a certain direction of the reform process in Poland. Many of his adversaries are, in effect, proposing that we return to the

¹⁶⁴⁵ *Warsaw ZYCIE WARSZAWY*, "Walesa Discusses Political Outlook, Elections." FBIS-EEU-91-200. 16 October 1991. P: 21.

¹⁶⁴⁶ *Prague RESPEKT*, "Walesa Views Current Problems in Europe." FBIS-EEU-91-202. 18 October 1991. P: 38. An interview with President Lech Wałęsa by Petr Janyska. To see the whole interview, return to the same source.

system of ‘socialism with a human face,’ or ‘a centrally controlled market economy.’¹⁶⁴⁷ A public opinion poll was conducted from September 20 to 23, 1991 about public attitudes toward Leszek Balcerowicz, the architect of Balcerowicz plan. A total 26 percent of respondents wanted Balcerowicz to stay in the new government with a limited capacity, while 23 percent wanted him to leave the new cabinet, and 21 percent want him to stay as a Deputy Prime Minister and Minister of Finance with the same influence he had before.¹⁶⁴⁸ Opinions about the need for radical economic reforms were diverse, but one thing was clear – they did not have the same public support as they had in January 1990.

The economic situation in 1991 carried both positive and negative results. On the positive side, there was a fall of inflation, and prices had risen about 5 percent in the third quarter of 1991 compared with 25.7 percent in the first quarter, and 10.6 percent in the second quarter.¹⁶⁴⁹ On the negative side, there was a fall in industrial output which was about 12 percent lower than 1990 and 36 percent lower than in 1989, as reported by CUP (Central Planning Office).¹⁶⁵⁰ The process of radical change had slowed down with changes in political scene that took place in Poland in 1990 and 1991. According to Leszek Balcerowicz:

At the end of last year [1990], we made a big change to our economic course, as a result of which rapid changes to the market took place. Stabilization, the overcoming of hyperinflation, the abolition of central distribution, the introduction of a convertible zloty, and the new freedom of foreign trade brought very big changes in a very short time. The market changed, as did access to consumer goods. Now the changes are slower, because this time they are taking place inside enterprises, and everything proceeds more slowly in enterprises than in shops.¹⁶⁵¹

¹⁶⁴⁷ *Krakow GAZETA KRAKOWSKA*, “Prime Minister Bielecki Discusses Election Issues.” FBIS-EEU-91-202. 18 October 1991. P: 35. An interview with Prime Minister Jan Bielecki by Leslaw Maleszka.

¹⁶⁴⁸ 20 percent of respondents had no opinion about this issue. *Warsaw PAP*, “Poll Shows Public Opinion on Priority Issues.” FBIS-EEU-91-210.

¹⁶⁴⁹ *Warsaw RZECZPOSPOLITA*, “Planning Office Economic Forecast Reported.” FBIS-EEU-91-217.

¹⁶⁵⁰ *Ibid.*

¹⁶⁵¹ *Warsaw RZECZPOSPOLITA*, “Balcerowicz Discusses Record on Economy.” FBIS-EEU-91-219.

In October of the same year, the *Sejm* adopted a resolution that criticized the government's slow progress with privatization of the economy. It also criticized the Ministry of Ownership Transformation for "giving television publicity to ministerial privatization concepts and claiming that they had already had the force of law, even though the Sejm had not yet passed them."¹⁶⁵²

The first democratically elected *Sejm*, 1991

New elections for the *Sejm* and the Senate were called after the dissolution of the National Assembly (*Sejm* and the Senate). They were the first democratic elections in Poland after World War II and would close the period that began with the 'roundtable' talks compromises. Around 150 political parties had emerged since 1990. During the election campaign, the Centre Agreement which supported Wałęsa's presidency in 1990, adopted a stand in regard to the strong presidential political system. The Democratic Union of the former Prime Minister, Tadeusz Mazowiecki, on the other hand, advocated a strong parliamentary system. Both of these political parties were derived from the Solidarność movement. Other populist parties emerged, among them, Party X, which was headed by Stanislaw Tyminski and was accused of fraudulent activities. Post-Communist left parties also formed and ran in both the *Sejm* and the Senate. For President Lech Wałęsa, this election ended the political compromise that had been reached after the 'roundtable' talks which led to a semi-democratic election for the *Sejm*. The new parliament would be the most democratic and "the new polish political scene that will

¹⁶⁵² *Warsaw ZYCIE WARSZAWY*, "Sejm Criticizes Slow Pace of Privatization." FBIS-EEU-91-206. 24 October 1991. P: 20.

emerge from the forthcoming elections, will pave the way for crystallization of political parties, especially those which are rooted in our tradition, our Christian tradition.”¹⁶⁵³

A total of 6,988 candidates ran for 460 seats in the *Sejm*, where 391 deputies would be elected in 37 constituencies and 69 candidates would receive mandates from 27 national lists.¹⁶⁵⁴ 612 candidates competed for the 100 seats in the Senate.¹⁶⁵⁵ Several forecasts for the elections of the Senate and *Sejm*, which were due to take place on 27 October 1991, showed that the Democratic Union (UD), headed by former Premier, Tadeusz Mazowiecki, was the leading party. The table below shows the projected winning parties according to INFAS, the German public opinion research institute.¹⁶⁵⁶

Table 6.21: Expected political parties’ share of votes:

Party	Percent
Democratic Union	13.3
Democratic Left Alliance	13.1
Catholic Electoral Action	9.4
Confederation for Independent Poland	9.1
Citizen’s Center Alliance	8.8
Liberal Democratic Congress	7.9

¹⁶⁵³ *Warsaw PAP*, “Walesa ‘Certain’ of High Election Turnout.” FBIS-EEU-91-207. 25 October 1991. P: 26.

¹⁶⁵⁴ *Warsaw PAP*, “Election Commission Expects Returns by 30 Oct.” FBIS-EEU-91-208. 28 October 1991. P: 20-21.

¹⁶⁵⁵ *Ibid.*

¹⁶⁵⁶ *Warsaw Radio Warszawa Network*, “28 Oct Projections Reported.” FBIS-EEU-91-208. 28 October 1991. P: 27.

In a public opinion poll conducted by the CBOS institute from October 10 to 13, prior to the *Sejm* and the Senate elections, 63 respondents stressed that the major important issue was limiting unemployment.¹⁶⁵⁷ 53 percent of respondents pointed to the need to improve the situation in agriculture, and 36 percent said that improvement of living standards was the priority. Following in order were: fighting recession 28 percent, fighting inflation 27 percent, and improving law and order 26 percent.¹⁶⁵⁸ From the start of the election campaign, the Democratic Union occupied first place in public opinion polls and voting choices.¹⁶⁵⁹

Most candidates advocated the idea of a market economy but they differed in the pace of reform. There were 27,516,000 eligible voters for the National Assembly (the *Sejm* and the Senate) elections.¹⁶⁶⁰ The first round of the *Sejm* election was held on 27 October 1991. The turnout was 43.2 percent.¹⁶⁶¹ The results showed a great fragmentation. Several new political parties ran for the *Sejm* and the Senate. According to data from State Electoral Commission, the Democratic Union won 62 seats; the Democratic Left Alliance (Post-communist parties) won 60 seats; Catholic Electoral Action won 49 seats; Polish Peasant Party-Programmatic Alliance won 48 seats; Confederation for an Independent Poland won 46 seats; Center Citizens' Alliance won 44 seats; Liberal Democratic Congress won 37 seats; Peasant Accord won 28 seats; Solidarność won 27 seats; Beer Lover's Party won 16 seats; German Minority won 7 seats; Christian Democracy won 5 seats; Party of Christian Democrats won 4 seats; Party X won 3 seats; Union of Real Politics won 3; Silesian Autonomy Movement won 2

¹⁶⁵⁷ *Warsaw PAP*, "Poll Shows Public Opinion on Priority Issues." FBIS-EEU-91-210. 30 October 1991. P: 26.

¹⁶⁵⁸ *Ibid.*

¹⁶⁵⁹ *Warsaw PAP*, "Democratic Union Projected Winner." FBIS-EEU-91-208. 28 October 1991. P: 24-25.

¹⁶⁶⁰ *Warsaw TVP Television Network*, "Electoral Commission Reports Official Vote Results - Democratic Union Wins Sejm." FBIS-EEU-91-212. 1 November 1991. P: 8.

¹⁶⁶¹ *Ibid.*

seats.¹⁶⁶² The following political parties won one seat each: the Democratic Party, Orthodox Believers Election Committee, Union of Wielkopolska and Lubuski Region Inhabitants; Peasant Electoral Alliance Piast; Union of Podhale Region Inhabitants; Bydgoszcz List of Peasant Unity; Party for Wielkopolska and Poland; Krakow Coalition, In Solidarność with the President; Women's Alliance Against Adversity; Democratic Social Movement; and Solidarność '80.¹⁶⁶³ It is important to note that post-communist parties, formed under the Alliance of the Democratic Left, emerged as the second strongest political entity in Poland after the Democratic Union. Aleksander Kwaśniewski, Head of the Social Democrats, who would become Poland's President in 1995 until 2005, announced after their success in the *Sejm* and the Senate elections that "people are frustrated and tired of the economic situation and of the promises of those in power. This is the second signal to the leaders. The first was the presidential elections. It has once more become clear that there is no support for the economic and leadership concept realized by Walesa and his aides."¹⁶⁶⁴ The clear loser in the elections was Solidarność. One major reason for Solidarność's defeat can be ascribed to the impact of harsh economic reforms on society. As Jan Rulewski (Solidarność Deputy) said: "we paid for the mistakes of the two previous governments and, unfortunately, even for the mistakes of the president himself."¹⁶⁶⁵ Solidarność, which had protected the Mazowiecki and Wałęsa governments in their reforms, was losing power in Polish society as a split within Solidarność had weakened its unity. The table below presents the results of the *Sejm* election in 1991.

¹⁶⁶² Ibid.

¹⁶⁶³ Ibid.

¹⁶⁶⁴ *Vienna KURIER in German*, "Social Democrats Leader Sees No Walesa Support." FBIS-EEU-91-213. 4 November 1991. P: 19-20.

¹⁶⁶⁵ *Warsaw RZECZPOSPOLITA*, "Solidarity Presidium Examines Election Showing." FBIS-EEU-91-214. 5 November 1991. P: 20.

Table 6.22: *Sejm* Election Results.¹⁶⁶⁶

Party	%votes	No. of Seats	% Seats
Unia Demokratyczna	12.3	62	13.5
Sojusz Lewicy Demokratycznej	12.0	60	13.0
Wyborcza Akcja Katolicka	8.7	49	10.7
Porozumienie Obywatelskie Centrum	8.7	44	9.6
Polskie Stornictwo Ludowe ‘SP’	8.7	48	10.4
Konfederacja Polski Niepodleglosci	7.5	46	10.0
Kongress Liberalno-Demokratyczny	7.5	37	8.0
Ruch Ludowy ‘PL’	5.5	28	6.1
NSZZ ‘Solidarnosc’	5.1	27	5.9
Polska Partia Przyjaciol Piwa	3.3	16	3.5
Chrzescijanska Demokracja	2.4	5	1.1
Unia Politki Realnej	2.3	3	0.7
Solidarnosc Pracy	2.1	4	0.9
German Minority	1.2	7	1.5
Others	12.7	24	5.1

A poll conducted after the elections by the Polish Radio and TV Polling Centre (OBOP), showed that 81 percent of respondents believed that the primary reason for the low turnout was due to people’s doubts that the new government would bring an improvement and

¹⁶⁶⁶ Original Source: *Rocznik Statystyczny* (1993,P. 73), cited in Janice Bell, *The Political Economy of Reform in Post-Communist Poland* (Edward Elgar, 2001), 31 (Table 2.2).

change the economic situation of Poland and would differ from previous one.¹⁶⁶⁷ Thus, economic issues explained abstentions and public apathy from voting for the *Sejm* and the Senate. The table below presents the results of the Senate election in October 1991:

Table 6.23: The Senate results in 1991:¹⁶⁶⁸

Political Party	Number of Seats
Unia Demokratyczna	21
Solidarność Pracy	11
Porozumienie Obywatelskie Centrum	10
Wyborcza Akcja Katolicka	9
Polskie Stronnictwo Ludowe–Porozumienie Ludowe	8
Polskie Stronnictwo Ludowe	7
Kongres Liberalno-Demokratyczny	6
Sojusz Lewicy Demokratycznej	4
Konfederacja Polski Niepodległości	4
Chrześcijańska Demokracja	3
Other Parties	10
Independents	7

¹⁶⁶⁷ *Warsaw PAP*, “Poll Views Perception of Elections Results.” FBIS-EEU-91-224. 20 November 1991. P: 16.

¹⁶⁶⁸ <http://www.ipu.org/parlin>. To view full results by names of winning candidate, see *Warsaw TVP Television Network*, “Senate Results Announced.” FBIS-EEU-91-212. 1 November 1991. P: 8-9. Also visit <http://www.ipu.org/parline>.

New political crisis erupted

The elections results did not give any political party a clear majority in the parliament and the need to form a parliament coalition of the major political parties became obvious. Because, as stated before, several political parties emerged in 1989 and 1990, it was no surprise that the *Sejm* and the Senate is fragmented one. In the words of Kazimierz Woycicki, “the elections results may be construed as a desire to alter current economic policy, but give no indication as to what the new economic policy should be.”¹⁶⁶⁹ In addition, the election results showed that democratic transition had long way to go before these political parties with similar ideas and preferences would come together to form a stronger political force. The post-elections situation showed the inability of one political party to form a government, thus the need to create a coalition of the major political parties became urgent. Political uncertainty increased as time passed by without a new government being formed to handle an increasing economic recession and the rise in social unrest. A fall in exports and an increase in the rate of imports for consumer goods; continuing decline in agriculture; the low level of real incomes; increased number of jobless people, all were features of the economic crisis faced by the government in the fourth quarter of 1991.¹⁶⁷⁰

Lech Wałęsa had proposed that he become the Prime Minister and offered his readiness to form a coalition government. His proposal [to hold both offices, the President’s office and the Premier’s office] attracted intense debate between supporters of this idea and opponents, including Adam Michnik, who thought that it would give Wałęsa too much power.¹⁶⁷¹

¹⁶⁶⁹ *Warsaw ZYCIE WARSZAWY*, “Dangerous Fragmentation of Parliament Discussed.” FBIS-EEU-91-212. 1 November 1991. P: 11-12.

¹⁶⁷⁰ *Warsaw RZECZPOSPOLITA*, “Planning Office Economic Forecast Reported.” FBIS-EEU-91-217. 8 November 1991. P: 25-27.

¹⁶⁷¹ *Warsaw PAP*, “Paper on Walesa’s Offer.” FBIS-EEU-91-211. 31 October 1991. P: 27

Michnik in this regard wrote an article entitled *Your President, Your Prime Minister*,¹⁶⁷² in which he criticized Wałęsa's proposal to hold the post of Premiership as "a large concentration of power in the hands of one person has been a bad tradition, because it may threaten normal, democratic procedures."¹⁶⁷³

Wałęsa had offered Bronisław Geremek the post of Prime Minister, but he turned down the offer, due mainly to a "lack of agreement inside the post-Solidarity bloc."¹⁶⁷⁴ Wałęsa, therefore, considered four candidates for the post of Prime Minister: Premier Jan Krzysztof Bielecki, Andrzej Stelmachowski, Jan Olszewski and Wałęsa himself. In November, Jan Olszewski selected as the new Prime Minister by the representatives of the five major political parties (the Liberal Democratic Congress – KLD; the Confederation for Independent Poland – KPN; the Centre Alliance – PC; the Christian National Union- ZChN; and the Peasant Agreement) that decided to form a coalition government.¹⁶⁷⁵ As stated earlier, Jan Olszewski was offered the position of Prime Minister in December 1990, but he turned it down due to differences in views about government ministerial candidates, in particular over the role of Leszek Balcerowicz in the new government. Olszewski's problem with Balcerowicz, as he put it bluntly, was "not a question of the person, but the conception."¹⁶⁷⁶ The results of the Senate and the *Sejm* elections were regarded as another success for pro-capitalist, liberal economists, in particular for the KLD.

¹⁶⁷² The title of this article resonates his article in 1989, entitled "Your President, Our Premier," when he first proposed the idea that Solidarność should hold the post of Premiership instead of Communist member, after Solidarność massive victory in June 1989 elections.

¹⁶⁷³ *Warsaw GAZETA WYBORCZA*, "Michnik Comments on Walesa's Prime Minister Idea." FBIS-EEU-91-214. 5 November 1991. P: 20.

¹⁶⁷⁴ *Warsaw PAP*, "Parties React to Geremek Failure to Form Cabinet." FBIS-EEU-91-220. 14 November 1991. P: 24.

¹⁶⁷⁵ In their letter to President Lech Wałęsa, representatives of the five parties had urged Wałęsa to consider Jan Olszewski for the post of Prime Minister.

¹⁶⁷⁶ *Warsaw PAP*, "Olszewski Stresses Needs for New Economic Policy." FBIS-EEU-91-222. 18 November 1991. P: 22.

After the elections, the Liberal Democratic Congress Party was interested only in “ministries that are concerned with the economy.”¹⁶⁷⁷ KLD had made it clear from the beginning that it would focus its efforts on implementing its program, the so-called “An Opportunity for Poland,”¹⁶⁷⁸ which mainly continued with the program of restructuring Poland’s economy into a free market capitalism system. It is important here to note that the primary goal of the Liberal Democratic Congress (KLD), headed by Donald Tusk, was the issue of economic marketization and the need for radical liberalization and privatization to accelerate the process of converting Poland into a market economy. Box 6.4 presents a KLD document entitled “An Opportunity/ A chance for Poland” as translated and reported in the FBIS daily reports of Poland in 1991.

Box 6. 4: Liberal-Democratic Congress Policy Document “a chance for Poland in the economy.”¹⁶⁷⁹

The Liberal-Democratic Congress believes that a coalition government will only be able to function if all the coalition partners agree on basic principles that will be incorporated into a two-year economic plan.

1. As the excessive budget deficit poses the greatest danger to stability and the transformation of the economy, and in the absence of a possibility to increase budget revenue, expenditure must be reduced in such a way that the deficit does not exceed three percent of the gross domestic product.
2. A policy of maintaining a healthy currency and restricting the credit supply must be continued.
3. The linchpin of government economic activity next year must be privatization and the restructuring of state enterprises as a preliminary condition for increasing efficiency. Privatization must encompass the entire banking

¹⁶⁷⁷ *Warsaw RZECZPOSPOLITA*, “Coalition Leaders Discuss Ministry Priorities.” FBIS-EEU-91-228. 26 November 1991. P: 28.

¹⁶⁷⁸ The document also called “a chance for Poland in the economy.”

¹⁶⁷⁹ *Gdansk TYGODNIK GDANSKI*, “Liberal-democrats Issue Economic policy Document.” FBIS-EEU-91-235. 6 December 1991. P: 35. The table is a direct quote from the report. To see the full KLD document, return to the same translated FBIS report.

system, as well as the social and health insurance systems. The state should assist domestic capital in connection with this.

4. The legal status of state enterprises has to be changed through commercialization so as to permit state intervention. Intervention can be practiced to the extent revenues are maintained through taxes and credits. Unsuccessful intervention can cause the economy more harm than good.
5. The following are essential to improve the functioning of enterprises:
 - Improving management by raising the importance of expertise and contracting managers;
 - Defining those types of enterprises that will not be privatized in the near future and creating efficient holding structure.
 - Purging the banks of “bad debts,” which cannot, however, mean the unilateral cancelling of enterprise debts.
6. The that have been negotiated with international financial institutions are a prerequisite for reducing Poland’s debts and gaining access to international money markets, and that is why they must be observed.
7. Poland’s integration with Europe is essential; tariff policy and changes to the law must be subordinated to that end.
8. The restructuring and modernization of agriculture must be strategic goal. Excessive protection and intervention would lead to the preservation of current structures, which would reduce the competitiveness of farmers on world markets. It is essential that agriculture be protected from unfair competition from foreign goods. It is not possible to provide guaranteed minimum prices for the procurement of agricultural produce without a radical increase in budget expenditure.
9. It is necessary to initiate an extensive program of economic education based on market principles and mechanism and preparation for gradual integration with the European Community (...)

For liberals such as Bielecki, Balcerowicz and Tusk, economic affairs were the most important part of Poland’s transition to a market economy and democracy. As Janusz Lewandowski, Minister of Ownership Transformation, and KLD member, stated: “we have kept to the same course, but it needs to be invigorated with a few new ideas. By new ideas, I mean winning the support of workers employed in large industries through more extensive share ownership even it can only be financed out of profits... we also [referring to KLD] would not like the essential degree to which the state is present in the economy to turn into

chaotic reactions and into improving state industries instead of privatizing them.”¹⁶⁸⁰ The liberals were aware of the adverse reactions to radical reform and its impact on people’s living standards, however, they did not deviate from supporting Poland’s conversion to a market economy and acceleration of privatization of state enterprises. All candidates, as mentioned before, supported the idea of Poland’s transition to a capitalist market economy, however, they differed in the pace and approach toward achieving this goal. The post-communist parties, for example, supported a market economy but at a slower/gradual pace.

KLD, part of the “five” coalition deviated, from the other ‘four’ in its belief that Poland should continue with its agreement with the IMF and other international financial institutions to ensure the flow of the credits and capital to Poland needed for supporting economic and political restructuring. KLD, with its liberal ideas, clashed with the other ‘four’ parties which advocated the need for more state intervention in economic matters. The Liberal-Democratic Congress, therefore, quit talks with the ‘four’ due to differences in vision, and announced its withdrawal from the parliamentary coalition of the ‘five’ because of the inability to reach an agreement on an economic program.¹⁶⁸¹

‘Continuation’ and the emergence of new crisis

Concepts such as continuation, breakthrough and de-communisation (removing former communist from public offices) had came to the surface once again after the election of Wałęsa and the political crisis that was faced by him in forming the new cabinet.¹⁶⁸²

¹⁶⁸⁰ *Warsaw ZYCIE WARSZAWY*, “Coalition Advisers View IMF, Economic Policy.” FBIS-EEU-91-237. 10 December 1991. P: 26.

¹⁶⁸¹ *Warsaw PAP*, “Says Government without KLD possible.” FBIS-EEU-91-240. 13 December 1991. P: 13.

¹⁶⁸² *Warsaw RZECZPOSPOLITA*, “Party Leaders Discuss Political Concepts.” FBIS-EEU-91-223. 19 November 1991. P: 26-27.

Olszewski advocated the concepts of 'breakthrough' and 'decommunisation.'¹⁶⁸³ His concept of breakthrough was based on the need for sweeping reform and changes in the state apparatus and radical changes in government, as mentioned before. Olszewski asserted that the new government would not retreat from the process of privatization and market economy, however, "the sluggish process of privatization,"¹⁶⁸⁴ according to Olszewski, "caused deep anarchy in the economy. One has to change methods and climate around this problem, change the conviction that privatization means theft of national property."¹⁶⁸⁵ While decommunisation was linked to transforming the structure of public life in Poland, because "they were built in the period of communist governments for the special needs of those rulers. They were not established to serve society but to subdue it."¹⁶⁸⁶ Contrary to Mazowiecki's policy of drawing a "thick line" over the past, Olszewski rejected this policy and proposed the above-mentioned idea of decommunisation. For Olszewski, Communists were a threat to democracy and he said, therefore, that: "we will not cooperate with them [Communists], only tolerate them."¹⁶⁸⁷ He believed that former communists should not be recognized as partners with the current fragility of Poland's democratic transition.¹⁶⁸⁸ He also feared a resurrection of Communist domination in the political sphere in Poland.

On the other hand, Marian Krzaklewski, Chairman of Solidarność, asserted that the new government should revise its taxation and wages law and introduce polices to protect workers rights. The independent Self-Governing Solidarność Trade Union established in 1980 insisted

¹⁶⁸³ Ibid.

¹⁶⁸⁴ *Warsaw PAP*, "Candidate Olszewski Briefs Press 22 Nov." FBIS-EEU-91-229. 27 November 1991. P: 17.

¹⁶⁸⁵ Ibid.

¹⁶⁸⁶ *Warsaw PAP*, "Olszewski Stresses Needs for New Economic Policy." FBIS-EEU-91-222. 18 November 1991. P: 22.

¹⁶⁸⁷ *Warsaw PAP*, "Olszewski Says Communists 'Threat to Democracy.'" FBIS-EEU-91-231. 2 December 1991. P: 19-20.

¹⁶⁸⁸ Ibid.

on the ideas of social justice and protection of workers. After the formulation of the first non-Communist government headed by Tadeusz Mazowiecki, the economic strategy that was pursued neglected the principles of Solidarność of 1980 which included social justice and equality. Solidarność was united before in its struggle against Communist domination and, with the collapse of one party rule, a new political and economic reality emerged that changed the whole situation. With political transition taking place, there was massive support at first, but then came the realization of the social cost of the economic crisis and economic reform felt all over Poland, mainly by employees of state enterprises. Privatization was underway and created a new problem, the rise of unemployment, that had not been experienced before in socialist Poland. In an article entitled *An Alternative Strategy*, Karol Modzelewski, from Solidarność, urged the government to re-consider its economic program, and argued that state intervention was required to protect the poorest strata of the society. Modzelewski criticized the government radical reform and urged for protection for workers. In Modzelewski's words:

For nearly two years now the government has been following the path, which leads to a collapse and, to make matters even worse, it has virtually strangled the economy with a draconian financial policy. At the beginning of 1990 this policy could have been explained by the threat posed by hyperinflation, but blind adherence to its tenets over two years has resulted in a 40-percent decline in industrial production; a profound regression in agriculture; drastic pauperization of the majority of the population; yet another budgetary deficit; and a lack of funds to provide wages, medicines, and the maintenance of hospitals and schools... we oppose the policy of reform through ruin, because this entails the danger of Poland's sliding irreversibly down to the level of Third World countries.¹⁶⁸⁹

The 'big five' coalition presented its position in regard to Poland's relations with international financial institutions. They said that Poland should renegotiate its agreement with the IMF. In their economic team meeting, differing views among the 'five' about

¹⁶⁸⁹ *Wrocław GAZETA ROBOTNICZA*, "Modzelewski Hits Government Economic Policy." FBIS-EEU-91-148. P: 23-4.

Poland-IMF relations emerged. The Centre Alliance (PC) member Stefan Kurowski argued that Poland's relations with the IMF had been based on an unequal footing for the last two years and that there was a need to change.¹⁶⁹⁰ This argument was shared by three of the other four parties in the coalition: the Confederation for an Independent Poland (KNP); the Christian National Union (ZChN); and the Peasant Agreement (PL). Only the Liberal Democratic Congress (KLD) argued that Poland's agreement with the IMF was needed and that Poland should maintain good relations with the IMF to maintain the flow of loans and credits to Poland, and that "Poland has little, if any, possibilities of maneuver and should accept certain terms of the Fund."¹⁶⁹¹ The Liberal-democratic Congress, a major advocate of a liberal market economy, had found itself in a situation where it "is too small a party to dictate conditions, and at the same time is too stubborn in adhering to its principles."¹⁶⁹² Therefore, the KLD quit the coalition for difference of economic plan for the new government, as mentioned before.

Another political crisis erupted when the new Prime Minister, Jan Olszewski, was unable to reach an agreement with President Lech Wałęsa on the composition of the cabinet and offered his resignation from the post of Premier on December 17.¹⁶⁹³ Balcerowicz, therefore, continued to act as the Prime Minister until the new government would form.

¹⁶⁹⁰ *Warsaw PAP*, "Five-Party Coalition Wants New IMF Agreement." FBIS-EEU-91-233. 4 December 1991. P: 26-27.

¹⁶⁹¹ *Ibid.*, 27.

¹⁶⁹² AU 0312115291, *Warsaw TYGODNIK SOLIDARNOSC*, "KLD's Tusk Views Party's 'Difficult Situation.'" FBIS-EEU-91-233. 4 December 1991. P: 27-28.

¹⁶⁹³ In his letter to the Council of Ministers, Jan Olszewski stated the following as the reason for his resignation: "the effective functioning of the top bodies of state power, which is compatible with the principles of democracy, requires their mutual loyalty. I have stated many times that I should not become a reason for hampering cooperation between the president, the government, and the Sejm. During his conversation yesterday with me, the president stated that he would not cooperate with the government whose composition and program I had presented to him. In this situation, despite the support given to me by the Sejm, I see no possibility to fulfill the mission entrusted to me." *Warsaw Radio Warszawa Network*, "Speaker Reads Olszewski Resignation." FBIS-EEU-91-242. 17 December 1991. P: 29.

Meanwhile, Poland had just signed an association membership agreement with the EC (European Community), which meant that Poland was officially moving towards full membership after fulfilling EC regulations and laws. According to the association agreement, Poland would join the EC free trade zone and, in the first quarter of 1991, tariffs on Polish goods would be removed and Polish firms would have the same rights in the EC as the rest of its members.¹⁶⁹⁴ This agreement gave another push to the Polish government to pursue economic reforms to meet EC regulations and conditions. At the same time, the agreement would open a new market to Polish products and firms. The Soviet Union was Poland's first trading partner until 1989, making up around 23 percent of Poland's total trade.¹⁶⁹⁵ But since 1990, the FRG had replaced the USSR and become Poland's first trade partner. The following table shows Poland's major export and import countries in the years from 1989 to 1991.¹⁶⁹⁶

Table 6.24: Poland's main export and import countries from 1989 until 1991.¹⁶⁹⁷

Item	Exports			Imports		
	1989	1990	1991	1989	1990	1991
FRG	14.2	25.3	28.9	15.7	22	25.6
Former USSR	20.8	15.3	11	18.1	18.7	15.2
Great Britain	6.5	7	7.2	4.5	5.5	4
Switzerland	2.6	4.6	4.6	5.3	5.9	3.5
Czechoslovakia	5.5	4	4.7	5.7	3.3	3.3

¹⁶⁹⁴ *Paris LE FIGARO*, "Skubiszewski Discusses State of European Relations." FBIS-EEU-91-232. 3 December 1991. P: 19.

¹⁶⁹⁵ *Warsaw RZECZPOSPOLITA*, "Statistical Report on 1991 Socioeconomic Situation." FBIS-EEU-92-098-S. 20 May 1992.P: 35.

¹⁶⁹⁶ *Ibid.*

¹⁶⁹⁷ *Ibid.*

Austria	3.5	3.9	5.1	6	5.7	6.3
France	2.4	3.3	3.8	3.1	2.9	3.5
Holland	2.6	3.2	5.1	3	3	4.8
Italy	2.3	3.1	3.9	4.1	7.2	4.6

The cost of radical reform had increased public dissatisfaction and social unrest and led to several protests and strikes by workers demanding pay rises and government policies to protect the weakest unemployed and reduce the impact of the reforms. Political uncertainty accentuated the situation for the sustainability of the economic reforms initiated in January 1990. When Olszewski submitted his resignation to *Sejm*, the *Sejm* rejected it. He immediately formed a new cabinet. On December 23, 1991, Olszewski proposed his new cabinet to the *Sejm* and it was approved. It should be noted that Olszewski's candidacy as a Prime Minister was subject to intense debates by several political parties, among them the Democratic Union (Headed by former Prime Minister Mazowiecki), which rejected offer of participation in the new government, and the Liberal democratic Congress which had different economic views to Olszewski. Thus, both the Democratic Union and the Democratic Liberal Congress had no post in the Olszewski government. The following table shows the government of Jan Olszewski in December 1991.

Table 6. 25: Jan Olszewski Government, December 1991.¹⁶⁹⁸

Name	Position	Profession/Affiliation
Zbigniew Dyke	Minister of Justice	<ul style="list-style-type: none"> - Lawyer. - Deputy of the <i>Sejm</i> and Chairman of the <i>Sejm</i> Committee of Justice.
Jerzy Eysymontt	Head of the Central Planning Office	<ul style="list-style-type: none"> - Specialized in political economy. - He participated in “Balcerowicz group,” in 1980. Member of Central Alliance (PC). - Head of the Central Planning Office (CUP) in Bielecki Government.
Adam Glapinski	Minister of Foreign Economic Relations	<ul style="list-style-type: none"> - He had a Doctorate in Economy. - Solidarność member since 1980. - Member of the Centre Agreement. - Minister of Spatial Economy and Construction in Beliecki government.
Gabriel Janowski	Minister of Agriculture	<ul style="list-style-type: none"> - He has a Doctorate in Agriculture science. - Chairman of the Solidarność Union of Private Farmer. - Deputy to the <i>Sejm</i>.
Stefan Kozlowski	Minister of Environmental Protection, and Food Economy	<ul style="list-style-type: none"> - Professor, specialized in geology and ecology. - Chairman of the Polish Academy of Sciences Committee for Man and Environment.
Jerzy Kropiwnicki	Minster of Labour and Social Policy	<ul style="list-style-type: none"> - Specialized in foreign trade. - Solidarność activist. - <i>Sejm</i> Deputy.

¹⁶⁹⁸ *Warsaw PAP*, “Government Ministers Listed, Profiled.” FBIS-EEU-91-247. 24 December 1991. P: 12-14. All information included in this table extracted directly from the FBIS translated report. To see full biography of the ministers, return to the same source.

Karol Lutkowski	Minister of Finance	<ul style="list-style-type: none"> - Expert in foreign trade and finance. - Economic advisor in Balcerowicz team in 1989.
Antoni Macierewicz	Minister of Internal Affairs	<ul style="list-style-type: none"> - Historian. - One of the leaders in student March protest in 1968. Publisher of underground press during martial law. - Solidarność advisor since 1980s. Co-founder of the Christian National Union (ZCHN). - <i>Sejm</i> Deputy.
Marian Miskiewicz	Minister of Health and Welfare	<ul style="list-style-type: none"> - Doctor of Medicine. - He was elected member of the managing board of the International Hospital Federation in 1991.
Jan Parys	Minister of National Defense	<ul style="list-style-type: none"> - Doctorate in Sociology. - In 1990, he was general director of the Central Planning Office (CUP). Member of the board of the Office for National Security Council in 1991.
Andrzej Sicinski	Minister of Culture	<ul style="list-style-type: none"> - Professor in the Polish Academy of Science. - Co-founder of the Polish Radio and TV Public Opinion Polling Centre (OBOP).
Krzysztof Skubiszewski	Minister of Foreign Affairs	<ul style="list-style-type: none"> - Professor of Law, specialized in international law. - Solidarność member. Member of the Social Council at the Primate of Poland (1981-84).
Andrzej Stelmachowski	Minister of National Education	<ul style="list-style-type: none"> - Professor of Law. - Advisor of the Inter-factory Striking Committee in August 1980. - Advisor to Solidarność. President of the Warsaw Club of Catholic Intelligentsia.

Ewaryst Waligorski	Minister of Transportation and Maritime Economy	<ul style="list-style-type: none"> - Expert in transportation. - Solidarność activist. He was Minister of Transportation and Maritime Economy in Tadeusz Mazowiecki and Jan Beielcki governments.
Wojciech Włodarczyk	Head of the Cabinet Office	<ul style="list-style-type: none"> - He has a Doctorate in Humanities. - Secretary of the Citizens' Committee at the Solidarność Union from 1990.¹⁶⁹⁹

Countering recession was one of the main goals for the government in 1992. The Economic Council discussed economic policy for 1992 in November 1991, and asserted that the major problems that the government had to tackle was the issue of recession; the need for faster privatization; and the need for strict monetary policy to control inflation.¹⁷⁰⁰ Unemployment continued to be an increasing problem with the liquidation of several state enterprises.

Economic Instability in 1992

The situation in 1991, politically and economically, was difficult. With two Prime Ministers and two different governments in one year, political uncertainty was the dominant feature in 1991. In the economic sphere, recession was the major problem faced by the government. It was threatening the positive results of the first stabilization phase of economic transformation. In addition, in the political scene there were many new groups and political parties that formed amid the political uncertainty and instability. The idea of acceleration

¹⁶⁹⁹ Ibid.

¹⁷⁰⁰ *Warsaw PAP*, "Fighting Recession 1992 Economic Policy Goal." FBIS-EEU-91-221. 15 November 1991. P: 17-18.

advocated by Wałęsa was still not fulfilled and the new government, therefore, promised to accelerate the process of privatization.

In January 1992, Solidarność called for several protests against the rise of energy prices.¹⁷⁰¹ Besides Solidarność there were increased protests by other trade unions. By this time, social endurance for government economic policies had reached its limit and had led to widespread protests. A nationwide protest against the government decision to increase the price of energy was led by OPZZ and the Solidarność-80 Union, and other groups that had split from the Solidarność movement.¹⁷⁰² Some of the protesters demanded that the government of Mazowiecki and Bielecki to be account for its 'wrong' economic policies.¹⁷⁰³ Solidarność- 80 Union demanded that the people responsible for the implementation of the Balcerowicz plan which, they said, "proved murderous to the whole Polish nation and industry, the sign of it being recent price hikes on energy and gas, and further rises, already waiting to be announced,"¹⁷⁰⁴ be charged. Solidarność- 80 union also criticized the cabinet of Jan Olszewski "for pseudo-reformatory actions which have caused harm and losses in the social security area that are difficult to make up for."¹⁷⁰⁵

It was already clear that Solidarność's split had a negative impact on the continuation of a radical economic program and democratic transition. The government no longer enjoyed the

¹⁷⁰¹ *Warsaw PAP*, "Further Protests Object to Energy Price Rises." FBIS-EEU-92-002. 3 January 1992. P: 18.

¹⁷⁰² *Warsaw PAP*, "Trade Union Nationwide Protest Price Hikes." FBIS-EEU-92-012. 17 January 1992. P: 15.

¹⁷⁰³ *Ibid.*

¹⁷⁰⁴ *Warsaw PAP*, "Enterprises Launch Protests." FBIS-EEU-92-009. 14 January 1992. P: 23.

¹⁷⁰⁵ *Warsaw PAP*, "Solidarity 80 Wants 'Genuine Reforms' in Society." FBIS-EEU-92-095. 15 May 1992. P: 21.

same support it used to have for its program, known as the Balcerowicz Plan. The Prime Minister, therefore, urged for the need for social consensus to survive the economic crisis.¹⁷⁰⁶

Democratic transition was still underway, and till today no one can confirm that Poland consolidated democracy, since it is hard to measure democratic consolidation. President Wałęsa himself said, “democracy needs a long time to develop properly. Many think that when one begins to set up a democratic system everything has to be perfect right away. From the point of view of a mature democracy what is happening in Poland is certainly bad. However, from the point of view of a young democracy it is surely acceptable.”¹⁷⁰⁷ Wałęsa added that “after the long period of communism the people still lack trust in politicians. We must now find the right path.”¹⁷⁰⁸ It is worth noting that the *Sejm* that was elected in October 1991 had representation from 29 different political parties, thus, the *Sejm* was largely fragmented and none of the political parties that won the elections held the majority in the *Sejm*.¹⁷⁰⁹

Liberals in different governments

KLD had declared that the party would support Olszewski’s economic program as long as it continued in the direction of restructuring the Polish economy into market capitalism one.¹⁷¹⁰ The role of the liberal movement increased after the imposition of martial law in 1981. Liberals stressed the importance of microeconomics. The roots of their philosophy

¹⁷⁰⁶ *Warsaw TVP Television Network*, “Olszewski Stresses Broad Social Consensus.” FBIS-EEU-92-011. 16 January 1992. P: 28.

¹⁷⁰⁷ An interview with President Lech Wałęsa by Andrzej Rybak, Fritjof Meyer, and Andres Lorenz in Warsaw, exact date not given in the report. *Hamburg DER SPIEGEL*, “Walesa on Revolution, Market Economy, FRG.” FBIS-EEU-92-015. 23 January 1992. P: 27.

¹⁷⁰⁸ *Ibid.*

¹⁷⁰⁹ The first political Party to score the highest number of seats is the Law and Justice Party in the elections of October 25, 2015, since the first democratic election of the *Sejm* in 1991.

¹⁷¹⁰ *Warsaw PAP*, “KLD to Cooperate in Economic Reforms Protection.” FBIS-EEU-92-018. 28 January 1992. P: 21.

dated back to the time of Solidarność's birth in 1980 in Gdansk, when "a group of advisers on economic and social matters was formed around the 'Solidarity' movement."¹⁷¹¹ In an interview conducted with the head of KLD, Donald Tusk, reveals the fact that Liberals emerged during the peak years of Solidarność underground, but with different trajectories from Solidarność ideals of 1980-81. In an interview with the head of KLD, Tusk said:

Our leading liberal activists did not emerge from the trade union movement. They trace their lineage to early Solidarity, *which was something much wider and embracing many more planes and facets than a traditional trade union*. It was a broadly conceived sociopolitical movement. For example, I personally never considered myself a trade unionist.¹⁷¹² (Italics added)

The liberal movements which arose during the period of martial law was interested in the idea of privatization and its main slogan was, therefore, "there is no freedom without ownership rights."¹⁷¹³ As stated before, Mazowiecki government composed of several liberal economists, among them, Leszek Balcerowicz who announced directly that the only alternative to Poland is to destruct the old system and build new one. In another words, Balcerowicz believed that the only way out of economic collapse was the adoption of market economy. In January 1990, Balcerowicz Plan commenced. The results of the first stage of Balcerowicz Plan were promising. However, privatization process faced several challenges among them the political instability. Liberals criticized the Mazowiecki government for not accelerating the process of privatization and for its emphasis on "small-privatization."¹⁷¹⁴ Liberals believed that the government should adopt a regional approach to small and medium enterprises. Instead the government adopted a sector approach that, liberals believed, was a

¹⁷¹¹ *Warsaw ZYCIE WARSZAWY*, "Liberal-Democrats Comments on Microprivatization." FBIS-EEU-91-011. 16 January 1991. P: 38.

¹⁷¹² *Lods GLOS PORANNY*, "Tusk on Liberal Democrats Election Prospects." FBIS-EEU-93-149. 5 August 1993. P: 15.

¹⁷¹³ *Ibid.*

¹⁷¹⁴ *Ibid.*

mistake.¹⁷¹⁵ According to Jan Szomburg, member of the Liberal Democratic Congress, “regional agencies will be much more prepared to split up enterprises than existing sector agencies,”¹⁷¹⁶ because “regional decisionmakers are better informed about the state of local markets and business.”¹⁷¹⁷ Jan Bielecki’s government was composed of several liberal economists. It was, therefore, more liberal than Mazowiecki’s government and was expected to accelerate the process of privatization and transition to a market economy. Donald Tusk, therefore, said that the liberals had a chance to implement their ideas but missed it during Bielecki’s Premiership.¹⁷¹⁸ The KLD, by 1992, had increased in membership and operated nationwide. It had 37 deputies in the *Sejm* and 7 Senators in the Senate.¹⁷¹⁹ It was clear that the liberal movement had entered a new period of establishing and consolidating its own institutions to promote and propagate liberal economic thought in Poland.

1991 witnessed a stall in the process of privatization. The Premier, Jan Olszewski, therefore, announced a ‘rescue plan’ to save Poland’s economy from collapse. There was social unrest, security threats [with incidents of terrorist attacks and increased number of crimes] and the spread of protests all over Poland due to price hikes. Support for transformation to capitalism witnessed a backlash with the deterioration of the economy. Unfavorable external conditions, with the disintegration of the CMEA and the Soviet Union, negatively influenced the Polish economy. In addition, the situation in the Gulf still negatively affected Poland’s economic reform. In 1991, exports fell compared with 1990. Privatization, as stated above, slowed and brought smaller budget revenues than was expected from the new sector.

¹⁷¹⁵ Ibid.

¹⁷¹⁶ Ibid.

¹⁷¹⁷ Ibid.

¹⁷¹⁸ Ibid.

¹⁷¹⁹ Ibid.

A poll conducted by the public opinion center in Sopot, for the *GAZETA WYBORCZA* at the beginning of 1992, showed that one out of four Poles wanted faster privatization and free trade.¹⁷²⁰ In addition, according to the poll, over half of respondents wanted government intervention in the economy and social protection against the rise of unemployment.¹⁷²¹ The Polish economy was going through a time of deep recession. On top of all that, the political situation was characterized by an influx of new political parties and interest groups, and the rise of nationalist and radical groups. The number of unemployed increased. Persisting high inflation and a continuing decline in production were the major features of the economic situation in Poland at the start of 1992.

In February 1992, the Socio-economic Committee of the Council of Ministers (KSERM), therefore, approved the government's privatization program to accelerate the process ownership transformation.¹⁷²² Political instability increased with the failure to form a coalition government. In addition, government talks with Solidarność and the OPZZ failed to reach an agreement and led to more political and economic uncertainty. President Wałęsa himself complained about the continuing protests, disputes and resentment among different segments of the society.

Another sign of political dispute and instability was the rejection of the Olszewski's government economic program for 1992.¹⁷²³ The *Sejm* rejected government economic proposals for 1992 on March 5, with 138 deputies voted for the resolution, 171 voted against

¹⁷²⁰ *Warsaw PAP*, "Poll Shows 25% Support Faster Privatization." FBIS-EEU-92-025. 6 February 1992. P: 13. To see the full survey results, return to the same FBIS translated report.

¹⁷²¹ *Ibid.*

¹⁷²² *Warsaw PAP*, "Committee Approves Privatization Program." FBIS-EEU-92-030. 13 February 1992. P: 11.

¹⁷²³ *Warsaw PAP*, "Solidarity Wants Economic Assumptions Reexamined." FBIS-EEU-92-041. 2 March 1992. P: 23.

and 38 deputies abstained.¹⁷²⁴ The decision by the *Sejm* was “ambiguous,”¹⁷²⁵ according to Prime Minister Jan Olszewski, and was a “result of political games, and not substantive stance on the sociopolitical guidelines of the government.”¹⁷²⁶

The Democratic Union, headed by Mazowiecki, and the Liberal Democratic Congress had earlier announced their rejection of the government’s economic proposal as being too general.¹⁷²⁷ The Liberal Democratic Congress (KLD) said that Olszewski’s economic program “lacked instruments to boost investment and exports, and disregarded the role of central bank and the principles of a sound monetary policy. Instead of fresh proposal to solve the key problem of the Polish economy, connected with the low efficiency and poor ability of state-run enterprises to adapt to market conditions.”¹⁷²⁸ Liberals asserted their belief in democratic capitalism based on the principles of private ownership. The year of Bielecki’s government, as stated above, was a lost “chance to put the party’s principles into effect,”¹⁷²⁹ according to liberals. The rejection of the government’s program was a shock to the newly formed government. The Democratic Union and the Liberal Democratic Congress argued that the Olszewski government’s economic proposal was a departure from the Balcerowicz economic reform plan. By now there was widespread predictions that the government would resign as a result. However, the political situation forced the government to remain in office, but not for long. The government realized the need to expand its coalition as a parliamentary base for the government in order to strengthen its support in the parliament. The Liberal

¹⁷²⁴ *Warsaw Radio Warszawa Network*, “Deputies Reject Economic Program.” FBIS-EEU-92-045. 6 March 1992. P: 17.

¹⁷²⁵ *Warsaw Third Program Radio*, “Olszewski: Government Not to Resign.” FBIS-EEU-92-045. 6 March 1992. P: 18.

¹⁷²⁶ *Ibid.*

¹⁷²⁷ *Warsaw PAP*, “Democratic Union Against Government Assumptions.” FBIS-EEU-92-041. 2 March 1992. P: 23-24.

¹⁷²⁸ *Warsaw PAP*, “Liberal Congress Criticizes Government Program.” FBIS-EEU-92-041. 2 March 1992. P: 22.

¹⁷²⁹ *Ibid.*, 24.

Democratic Congress had refused to enter the government coalition with the current economic provisions. There was a clear retreat of support from liberals for Olszewski's government. As mentioned before, liberals were among other political parties that rejected the government's economic policy.

Stanislaw Gomulka, one of the major advisors of Solidarność and, later on, an advisor for the Mazowiecki, Bielecki and Olszewski governments, pointed that, since 1989 Poland "has been applying the same free-market reform policy. Its main goals have remained valid throughout."¹⁷³⁰ Gomulka stated that the Olszewski economic program was a continuation of the Mazowiecki and Bielecki governments and not a 'turn' away from the original Balcerowicz Plan. According to Gomulka, it "represents a continuity in strategic terms with changes in tactics, because we have arrived at a different stage and we are working in circumstances that are different from those of two years ago."¹⁷³¹ When asked about the claim made by the Democratic Union and the Liberal Democratic Congress about Olszewski's economic program as being a departure from the Balcerowicz program, Gomulka stated that there was a difference between Balcerowicz I and Balcerowicz II, in that Balcerowicz I represented the original radical restructuring of the Polish economy into a market economy and was implemented in the first year of transition in 1990, whereas Balcerowicz II represented a second-hand interpretation of the original plan.¹⁷³² The political situation, added Gomulka, had influenced the course of the Balcerowicz plan. For the first year, Balcerowicz was firm in implementing the 'shock therapy' program, but in the second year, "he [Balcerowicz] was firm only on paper, because - with the approaching election in sight - the

¹⁷³⁰ *Szczecin GLOS SZCZCINSKI*, "Olszewski Aide Discusses Economic Consistency." FBIS-EEU-92-057. 24 March 1992. P: 27.

¹⁷³¹ Ibid.

¹⁷³² Ibid.

current political situation did not permit such firmness.”¹⁷³³ Gomulka concluded that when talking about a ‘turn’ in the economic program, it mainly meant that with current conditions “we must adjust our economic policy by shifting the emphasis from certain points to others.”¹⁷³⁴ The economic program that was started in January 1990 had set Poland in the road for building new institutions that is hard to reverse. Thus, all governments since 1989 asserted their continuation with Poland march toward market economy.

On April 2, the government attempted to form a grand coalition to secure broader support for the government and to widen its political base to support its program. Initially, the Democratic Union and the Liberal Democratic Congress agreed to negotiate with the government in reshuffling the cabinet to include members of the UD and the KLD in the newly reconstructed government. However, there was disagreement within the Democratic Union’s left wing on the idea of a ‘grand coalition,’ which was described as a tactical maneuver by the government.¹⁷³⁵ One reason for government’s failure to gain support from different political parties, in particular, the UD and the KLD, was its criticism of the economic policy of both the Mazowiecki government (Chairman of UD) and Bielecki government (KLD leader).¹⁷³⁶

Another critical political development surfaced when the National Defense Minister, Jan Parys, stated that there were attempts to use the armed forces in ‘political games.’ Parys said

¹⁷³³ Ibid.

¹⁷³⁴ Ibid., 28.

¹⁷³⁵ Senator Zofia Kuratowski chairman of the Democratic Union’s Social Liberal Faction, stated in this regard that “behind the scenes, there are some who were even opposed to holding talks with the prime minister. However, it was stridently maintained that we have to talk. People are under the impression that the talks stand no chance of success. I believe that we could not have rejected the prime minister’s initiative, although I regard it as an instance of political maneuvering.” The question was “how did local party organizations react to the idea that the Democratic Union (UD) should join the coalition government?” *Warsaw GAZETA WYBORCZA*, “UD Faction Leader Questions Coalition Talks.” FBIS-EEU-92-066, 6 April 1992. P: 19.

¹⁷³⁶ Ibid.

that certain politicians were calling selected officers without informing the Defense Minister and were promising them promotions in exchange for their support, and that “politicians who promote actions like these behind my back are promoting nothing more than conspiracy,”¹⁷³⁷ and that “the Polish Army will not aid anyone who wants to abolish democracy in Poland.”¹⁷³⁸ In reaction to Minister of Defense’s accusation, major political parties denied their involvement in such activities with Army officers. Parys’s announcement came as a surprise and worsened the political situation and increase uncertainty. It also complicated the political and economic situation further. In addition, talks about a ‘grand coalition’ between the government (the coalition of seven parties forming the Olszewski government) and the small coalition - that is, the Democratic Union, the Liberal Democratic Congress (KLD), and the Polish Economic Programme (PPG) - failed.¹⁷³⁹ The government now failed to secure support from different political parties represented at the *Sejm*.

On Friday, April 24, Solidarność staged protests of more than 70,000 participants.¹⁷⁴⁰ The failure of talks on broadening the governing coalition increased speculations about the continuity of Jan Olszewski as Prime Minister. President Wałęsa had insisted on forming a new government of ‘specialists’ to curb economic recession and stabilize the political situation and asked for increased presidential power. The relationship between the President and the Prime Minister fluctuated with Wałęsa’s disagreement about the selection of ministerial posts. In this sensitive political situation, the Ministry of Internal Affairs had prepared lists of names of collaborators with the security service during the communist period

¹⁷³⁷ *Warsaw TVP Television Network*, “Support for political Games Sought.” FBIS-EEU-92-067. 7 April 1992. P: 19.

¹⁷³⁸ *Ibid.*

¹⁷³⁹ *Warsaw Radio Warszawa Network*, “Talks on ‘Grand Government Coalition’ Break Down.” FBIS-EEU-92-079. 23 April 1992. P: 16.

¹⁷⁴⁰ *Warsaw PAP*, “Solidarity Union Issues Protest to Olszewski.” FBIS-EEU-92-081. 27 April 1992. P: 17.

and prepared three laws in this regard.¹⁷⁴¹ The first was the law on state secrecy; the second law was concerned with the need to search and screen judicial, legislative, and executive personnel who had cooperated with the former Security Service; and the third law was concerned with the removal of persons “involved in the repressive and ideological apparatus of the communist state.”¹⁷⁴² As a result, the *Sejm* voted in favor of a resolution that obliged the Internal Affairs Ministry to reveal the list of names of those who collaborated with the Security Service (SB) in the period from 1945-1990, with a majority of 186 votes for, 15 against and 32 abstentions.¹⁷⁴³ This motion on declaring the names of officials who worked with the SB at national and provisional levels - Deputies and Senators, judges, prosecutors, lawyers- was supported by right-wing parties at the *Sejm*.¹⁷⁴⁴ Documents submitted and circulated at the *Sejm* caused political chaos, in particular when rumors emerged about the inclusion of Wałęsa’s name as a collaborator with the Security Service (SB) during Communist rule. President Wałęsa, in this regard asserted that the Security Service had constantly interrogated him.¹⁷⁴⁵ The Presidential Press Office also announced that no document had been singled out as having the authentic signature of Wałęsa.¹⁷⁴⁶

The release of lists of collaborators with the Security Service and Security Office by the Minister of Internal Affairs, Antoni Macierewicz, was regarded as an attempt to halt

¹⁷⁴¹ *Warsaw GAZETA WYBORCZA*, “Lists of Security Service Collaborators Ready.” FBIS-EEU-92-088. 6 May 1992. P: 23.

¹⁷⁴² *Ibid.*

¹⁷⁴³ *Warsaw PAP*, “Sejm to Expose Secret Police Collaborators.” FBIS-EEU-92-104. 29 May 1992. P: 21.

¹⁷⁴⁴ Piotr J. Wrobel, “Rebuilding Democracy in Poland,” in *The Origins of Modern Polish Democracy* (Ohio University Press, 2010): 284.

¹⁷⁴⁵ *Warsaw PAP*, “Walesa Rumored to be on List.” FBIS-EEU-92-110. 8 June 1992. P: 35.

¹⁷⁴⁶ In its statement, the Presidential Press Office stated: “the Polish president once again wants to underline that he could find out on his own example how easy it was to get into the Interior Ministry Files.” *Warsaw PAP*, “Walesa Examines His Secret Police Documents.” FBIS-EEU-92-111. 9 June 1992. P: 29. To see a full response from President Lech Wałęsa in regard to these accusations and a full description of the political situation in Poland during that period of time, see “Walesa Answers Questions on Political Situation,” in *Warsaw Radio Warszawa Network* FBIS-EEU-92-114. 12 June 1992. P: 30-37.

democratic transition in Poland. The battle of accusations intensified in Poland during this period of time due to revelation of security files. During the same period, the public mood was one of a lack of trust of Olszewski's government. The results of a survey conducted in April by the Public Opinion Research Center (OBOP), showed that 79 percent of respondents thought that: "affairs in Poland are heading in the wrong direction."¹⁷⁴⁷ In addition, 82 percent of respondents expressed their dissatisfaction with democratic development in Poland.¹⁷⁴⁸ Only 2 percent thought that the economic situation was good.¹⁷⁴⁹ The survey also showed that the most important figures in Poland were Jacek Kuroń, Minister Krzysztof Skubiszewski and Cardinal Jozef Gelmp, while Prime Minister Jan Olszewski occupied the fourth place and President Lech Wałęsa was in eighth place.¹⁷⁵⁰ It was clear that the government had lost society's confidence due to the political struggle between the government and the *Sejm* and the lack of consensus over the economic program of the Olszewski government. The Democratic Union, therefore, called for the resignation of the Jan Olszewski government due to lack of cooperation with the government. The 'small coalition' proposed a motion of a vote of no confidence in the government and presented it to the *Sejm*. In addition, President Wałęsa had declared his inability to work with the government and requested Olszewski's dismissal. On June 4, the *Sejm* dismissed the cabinet of Prime Minister Jan Olszewski with 273 votes for, 119 votes against and 33 abstentions.¹⁷⁵¹

Uncertainty in the political and economic domain prevailed. Given the political climate in Poland, President Wałęsa nominated Waldemar Pawlak - Polish Peasant Party leader (PSL) -

¹⁷⁴⁷ *Warsaw RZECZPOSPOLITA*, "Opinion Poll Shows Loss of Confidence in Government." FBIS-EEU-92-097. 19 May 1992. P: 14.

¹⁷⁴⁸ *Ibid.*

¹⁷⁴⁹ *Ibid.*

¹⁷⁵⁰ *Ibid.*

¹⁷⁵¹ *Warsaw PAP*, "Sejm Dismisses Government." FBIS-EEU-92-109. 5 June 1992. P: 24.

to the post of Prime Minister. The liberal parties again asserted their readiness to enter the government on condition that the ministries related to the economic sphere were reserved for liberals. The Liberal Democratic Congress (KLD) agreed to enter the Pawlak government, subject to several other specific conditions, including: restricting the national budget deficit to 5 percent; and continuation with mass privatization.¹⁷⁵² These conditions, for the KLD, “cannot be subject to compromise,”¹⁷⁵³ said Donald Tusk.

Polish-IMF talks resumed in May after they had broken down in the previous year over Poland’s failure to meet agreed conditions. The government assured IMF that it would keep a budget deficit below 4.7 billion dollars as a pre-condition for renewing the agreement between the two.¹⁷⁵⁴ Political instability and the inability of the government to pass its economic program had delayed reaching an agreement.¹⁷⁵⁵ In April, the retail price of gas was rising by an average of 5 percent; electricity rise also by 12 percent, and central heating by 18 percent,¹⁷⁵⁶ and the number of unemployed reached 2,218,400.¹⁷⁵⁷ By May the number of unemployed reached 2,229,000.¹⁷⁵⁸ However, for the first time since the commencement of the Balcerowicz plan, industrial production grew by 4.5 percent, according to the Central Planning Office (CUP).¹⁷⁵⁹

¹⁷⁵² *Warsaw PAP*, “KLD Will Not Compromise on Economic Matters.” FBIS-EEU-92-113. 11 June 1992. P: 15.

¹⁷⁵³ *Ibid.*

¹⁷⁵⁴ *Warsaw PAP*, “Olszewski, IMF Official Cited on Negotiations.” FBIS-EEU-92-092. 12 May 1992. P: 15.

¹⁷⁵⁵ *Ibid.*

¹⁷⁵⁶ *Warsaw PAP*, “Retail Energy Prices Increases 1 April.” FBIS-EEU-92-063. 1 April 1992. P: 21.

¹⁷⁵⁷ *Warsaw PAP*, “Unemployment increases slightly in April.” FBIS-EEU-92-101. 26 May 1992. P: 26.

¹⁷⁵⁸ *Warsaw NOWY SWIAT*, “Economic Performance in May Reported.” FBIS-EEU-92-126. 30 June 1992. P: 30.

¹⁷⁵⁹ *Warsaw PAP*, “Production Rises for First Time in Three Years.” FBIS-EEU-92-102. 27 May 1992. P: 28.

In regard to the privatization process, the government authorized five regional divisions of the Ministry of Ownership Transformation - Rzeszow, Kielce, Poznan, Wroclaw and Gdansk - to decide, on their own, which enterprises to liquidate based on Article 19 of the State Enterprise Act.¹⁷⁶⁰ This act of decentralization of the privatization decision was a new step toward accelerating the process of the privatization of state enterprises.¹⁷⁶¹ Privatization took two different approaches, as mentioned before. The first was through liquidating bankrupted enterprises, on the basis of Article 19 of State Enterprises Act, and transferring them into assets for sale.¹⁷⁶² The second method was through liquidating successful enterprises on the basis of Article 37 of the Privatization Act, and turning them into companies owned by their employees.¹⁷⁶³ Political uncertainty had affected the process of privatization, in particular, the so-called mass privatization which was supposed to accelerate the process of economic restructuring to a market economy. Privatization became the subject of political debate during the election campaign in October, which increased with the inability of the government of Olszewski to pass its economic program. According to Bronisław Geremek, “six months have been wasted. Nothing has been achieved in the economy, and instead of the promised political changes all we have had is a dismal scandal of alleged files on alleged secret agents. It is sad that this government is incapable of stepping down with honor and dignity.”¹⁷⁶⁴

¹⁷⁶⁰ *Warsaw ZYCIE WARSZAWY*, “Authority Granted for Decentralization Privatization.” FBIS-EEU-92-072. 14 April 1992. P: 17.

¹⁷⁶¹ *Ibid.*

¹⁷⁶² *Ibid.*

¹⁷⁶³ *Ibid.*

¹⁷⁶⁴ *Warsaw RZECZPOSPOLITA*, “Geremek Addresses Congress on ‘Political Crisis.’” FBIS-EEU-92-126. 30 June 1992. P: 29.

From the beginning of August 1990, when the law on the privatization of state enterprises came into force, until December 1991, 1,258 enterprises proceeded with privatization.¹⁷⁶⁵ The following table presents privatization from August 1990 until the end of 1991.¹⁷⁶⁶

Table 6.26: State Enterprises approved for Privatization on the basis of a decision made by the Minister of Ownership Transformation:¹⁷⁶⁷

		1990	1991	
		Aug-Dec	Jan-Jun	Aug-Dec
	Total			
	1,258	130	375	753
Capital-based privatization	308	58	104	146
Privatization completed	26	6	7	13
Liquidation-based privatization	950	72	271	607
-In accordance with the Law on State Enterprise (Article 19)	534	28	145	361
-In accordance with the Law on Privatization of State Enterprises (Article 37)	416	44	126	246
Liquidation-based privatization completed *	198	0	100	98
-In accordance with the Law on State Enterprise (Article 19)	44	0	21	23
-In accordance with the Law on Privatization of State Enterprises (Article 37)	154	0	79	75

¹⁷⁶⁵ *Warsaw RZECZPOSPOLITA*, "Statistical Report on 1991 Socioeconomic Situation." FBIS-EEU-92-098-S. 20 May 1992. P: 21.

¹⁷⁶⁶ Ibid.

¹⁷⁶⁷ Ibid.

* state enterprise removed from the REGON system register (as documented).

The Government of Pawlak: No Coalition

From the beginning, the government of Pawlak was faced with opposition from several political parties, among them the Democratic Union and the Liberal-Democratic Congress. Meanwhile, Solidarność held its Fourth National Congress in Gdansk on June 12, when it made a blunt statement that Solidarność would no longer give the government its protection. This was a reaction to the appointment of Waldemar Pawlak as Prime Minister. Several other political parties also criticized Wałęsa's decision. The 'recommunization' concept came to the surface in public discussions and attracted intense political debates about the role of post-Communist parties and the idea of a counter-democratic movement. Solidarność, therefore, adopted the following resolution during the conclusion of its Congress:¹⁷⁶⁸ 1) the urgent need for decommunization in Poland; 2) immediate removal from public office of officials accused of being 'collaborators;' 3) the rejection of transferring power to post-Communists; 4) the quick adoption of a new constitution and new election code.¹⁷⁶⁹

Efforts by Prime Minister Pawlak aimed at the formation of a new government were unsuccessful. Pawlak directed his efforts to get support from the 'small coalition' (KLD-UD and PPG), while the Democratic Left Alliance had announced its support for Pawlak's coalition government. On June 26, the 'small coalition,' presented its proposal, by which it would hold most ministerial posts in the Pawlak government. Pawlak rejected it.¹⁷⁷⁰ Political uncertainty, thus, continued to loom over the political scene in Poland. Pawlak also decided

¹⁷⁶⁸ *Warsaw GAZETA WYBORCZA*, "Solidarity Congress Chides Former Communists." FBIS-EEU-92-119. 19 June 1992. P: 13.

¹⁷⁶⁹ *Ibid.*

¹⁷⁷⁰ *Warsaw Radio Warszawa Network*, "Mazowiecki: 'Very Large' Differences." FBIS-EEU-92-127. 1 July 1992. P: 16.

not to appoint deputy prime ministers. Without further delay, Pawlak presented his proposed government, from which the ‘small coalition’ withdrew. Prime Minister Waldemar Pawlak (PSL), proposed that economic issues to be handled by Bogdan Lukasiewicz from PSL; the social issue to be handled by Jacek Kuroń from UD; and political issues to be handled by Donald Tusk from KLD.¹⁷⁷¹ The ‘small coalition,’ and the big coalition (the Christian National Union, ZChN; the Centre Alliance, PC; the Peasant Alliance, PL; the Peasant Christian Alliance, SLCh; and the Christian Democratic Alliance, PChD) tried to form a majority coalition out of the eight parties, but talks ended with Pawlak’s resignation on July 4. The inability to form a coalition government ended Pawlak’s government in less than a month. Political crisis and growing social unrest forced Wałęsa immediately to appoint a new Prime Minister, Hanna Suchocka.

Privatization remained the government’s fundamental priority and continued to be the major method for implementing systemic change. Privatization was also regarded as the main instrument for restructuring state enterprises from below. However, a frequent change of government was the major reason for the sluggishness and a state of standstill of privatization in Poland in 1991-92.

¹⁷⁷¹ The proposed government of Pawlak was as follow: Jerzy Osiatynski (UD), Minister of Finance; Bogdan Lukasiewicz (PSL), Ownership Transformation; Andrzej Lipk (non-party), Industry and Trade Ministry; Jerzy Zdrzalka, Housing and Construction Ministry; Maria Zwolinska (PSL), Agriculture and Food Economy; Stefan Kozlowski (PSL), Environmental Protection; Boguslaw Liberadzki, Ministry of Transportation; Marek Rusin (non-party), Ministry of Communication; Andrzej Bryt, Foreign Economic Cooperation; Jozef Zegar, Central Planning Office; Zbigniew Eysymontt, Business Cooperation; Jan Bielecki (KLD), Integration with the EC; Janusz Onyszkiewicz (UD), National Defense Ministry; Krzysztof Skubiszewski, Foreign Affairs Ministry; Stanislaw Iwaniecki, Ministry of Justice; Aleksander Luczak (PSL, Head of the Council of Ministers Office); Julian Auleytner (non-party) Ministry of Education; Kazimierz Dejmek (non-party), Ministry of Culture and Arts; Andrzej Wielowieyski (UD), Labor and Social Affairs Ministry; Bogdan iskieiewicz (non-party), Health Ministry; and Witold Karczewski, Chairman of the Scientific Council. Source: *Warsaw Polskie Radio Second Program*, “Proposed Government Named.” FBIS-EEU-92-127. 1 July 1992. P: 16-17.

The government of ‘Conciliation’: Suchocka government

Hanna Suchocka held a law degree from the University of Poznan and commenced her political career in 1980 as a member of the Democratic Party [party allied with the PZPR] and a deputy in the Eighth *Sejm* of the Polish People’s Republic.¹⁷⁷² In 1982, she voted against martial law; and in 1984, she objected and rejected a draft law on the election code that gave PZPR an election monopoly, and then resigned from the Democratic Party.¹⁷⁷³ In 1989, she became a deputy chairman of the Legislative Commission in the *Sejm*.¹⁷⁷⁴ By 1991, she was a member of the Democratic Union Parliamentary Club (KPUD).¹⁷⁷⁵ In the October 1991 *Sejm* election, she became Deputy.¹⁷⁷⁶

On July 10, 1992, the *Sejm* approved the candidacy of Suchocka, with 233 votes for, 61 votes against, and 113 abstentions.¹⁷⁷⁷ During her nomination period, Suchocka was able to form a conciliation coalition. Her main supporters were UD and KLD; and among the parties that voted for her were SLD (post-Communist Democratic Left Alliance) and the Polish Peasant Party (PSL). Thus, she was able to secure government coalition to back her program of reform, which is a continuation with political and economic institutional restructuring. Prime Minister Suchockawas able to gather around her government large number of support from different parties.

One of the main observations to be made about the government of Suchocka was that it brought back liberals to the Polish political and economic scene.¹⁷⁷⁸ Suchocka was strongly supported by liberal political parties, in particular the KLD. Prominent economic positions

¹⁷⁷² *Warsaw ZYCIE WARSZAWY*, “Suchocka Profiled.” FBIS-EEU-92-132. 9 July 1992. P: 26.

¹⁷⁷³ *Ibid.*

¹⁷⁷⁴ *Ibid.*

¹⁷⁷⁵ *Ibid.*

¹⁷⁷⁶ *Ibid.*

¹⁷⁷⁷ *Warsaw PAP*, “Suchocka Elected Prime Minister.” FBIS-EEU-92-134. 13 July 1992. P: 31.

¹⁷⁷⁸ KLD Party did not hold any post in Jan Olszewski’s government.

were, therefore, held by liberals from the KLD party and they continued with their advocacy of a market economy. In the government of Prime Minister Hanna Suchocka, the Liberal Democratic Party (KLD) held five ministerial positions; the Christian-National Union (ZChN) held five ministerial positions; the Democratic Union (UD) held also five ministerial positions; and the Polish Agreement (PL) also held five ministerial positions; while the Party of Christian Democrats (PChD), Peasant-Christian Party (SLCh), the Polish Friends of Beer Party (PPPP) each held one ministerial position. The table below shows the composition and affiliation of the Suchocka government.

Table 6.27: Prime Minister Hanna Suchocka's government (July 1992):¹⁷⁷⁹

Name	Affiliation	Position- profession
Hanna Suchocka	UD	<ul style="list-style-type: none"> - Prime Minister (July 1992). - Lawyer from Poznan. - <i>Sejm</i> Deputy from the Democratic Party from 1980-1984. - <i>Sejm</i> Deputy in 1989 as a member of OKP. - <i>Sejm</i> Deputy in 1991 as a member of UD.
Henryk Goryszewski	ZChN	<ul style="list-style-type: none"> - Deputy Prime Minister for economic policy. - Lawyer, Director of the Legal Department at the Ministry of Transportation. - <i>Sejm</i> Deputy from 1991.
Pawel Laczkowski	PChD	<ul style="list-style-type: none"> - Deputy Prime Minister for Political Issues. - Law graduate and hold a PhD in Sociology. - PChD Secretary General.

¹⁷⁷⁹ *Warsaw PAP*, "Cabinet Members Profiled." FBIS-EEU-92-134. 13 July 1992. P: 36-38. And The Economist Intelligence Unit, Poland Report, No.3, 1993, P: 2. Most information included in this table is taken from this FBIS translated report in an extended version. To see a full biography of the Suchocka government, return to the same report.

Krzysztof Skubiszewski	No party affiliation	<ul style="list-style-type: none"> - Minister of Foreign Affairs. - Former Minister of Foreign Affairs in Mazowiecki, Bielecki, and Olszewski governments.
Jacek Kuroń	UD	<ul style="list-style-type: none"> - Minister for Labour and Social Policy. - One of the most popular political figures in Poland from Solidarność. - Labour Minister in Mazowiecki government in 1989.
Janusz Onyszkiewicz	UD	<ul style="list-style-type: none"> - Minister of National Defense. - Former mathematics teacher. - <i>Sejm</i> Deputy since 1989.
Jerzy Osiatynski	UD	<ul style="list-style-type: none"> - Finance Minister. - Held a doctorate in economics, studied at Cambridge University 1970-72. - Head of Central Planning Office (CUP) in Mazowiecki government.
Jerzy Kropiwnicki	ZChN	<ul style="list-style-type: none"> - Minister and the Mead of the Central Planning Office (CUP). - Held a doctorate in economics. - Member of Solidarność National Commission in 1981. - Former Labor Minister in Olszewski government.
Andrzej Bratkowski	No Party affiliation	<ul style="list-style-type: none"> - Minister of Regional Planning and Construction Policy. - Construction engineer. - <i>Sejm</i> Deputy from 1989-91.
Andrzej Arendarski	KLD	<ul style="list-style-type: none"> - Minister of Foreign Economic Relations. - Former university teacher in economics. - 1990 President of the National Economic Chamber.
Gabriel Janowski	PL	<ul style="list-style-type: none"> - Minister of Agriculture. - Private farmer. - Co-founder of the Private Farmers Solidarność Trade Union. - <i>Sejm</i> Deputy 1991. - Former Agriculture Minister in Olszewski government.

Zbigniew Jaworski	ZChN	<ul style="list-style-type: none"> - Minister of Transport. - Graduate of Warsaw Polytechnic and worked in road planning and construction.
Jan Bielecki	KLD	<ul style="list-style-type: none"> - Minister without Portfolio for European Community relations. - Former Prime Minister in 1991. - <i>Sejm</i> Deputy since 1989, and chairman of the Political Council of the Liberal-Democratic Congress.
Krzysztof Kilian	KLD	<ul style="list-style-type: none"> - Minister of Communication. - Head of the Office at the Ministry of Privatization. - Head of the Prime Minister's Office from 1991-1992.
Wacław Niewiarowski	SLCh	<ul style="list-style-type: none"> - Minister of Industry and Trade. - Solidarność activist in 1989. - Governor of Gorzów Province.
Zbigniew Dyka	ZChN	<ul style="list-style-type: none"> - Minister of Justice. - Lawyer. - Former Minister of Justice in Olszewski's government.
Zygmunt Hortmanowicz	No Party Affiliation	<ul style="list-style-type: none"> - Minister of Environmental Protection. - Physiotherapy and balneotherapy doctor.
Janusz Lewandowski	KLD	<ul style="list-style-type: none"> - Minister, Head of the Cabinet Office. - <i>Sejm</i> Deputy since 1989.
Andrzej Wojtyła	SLCh	<ul style="list-style-type: none"> - Minister of Health and Social Security. - Member of the <i>Sejm</i> and deputy chairman of the <i>Sejm</i> Health Committee.
Zdobysław Flisowski	No Party Affiliation	<ul style="list-style-type: none"> - Minister of Education. - Electrical engineer.¹⁷⁸⁰

¹⁷⁸⁰ Ibid.

The new government faced a wave of strikes and labor unrest by miners and other workers asking for pay rises and a change in economic policies. According to GUS, there were 30 strikes at the end of August.¹⁷⁸¹ From the start, Wałęsa supported Prime Minister Suchocka. She asked for the government to be granted 'special power' to rule by decree. The new government was challenged by widespread waves of strikes and by the emergence of a new political opposition from former government officials. The Republic Coalition (*Koalicja dla Rzeczypospolitej*) formed by Jan Olszewski [former Prime Minister] and Jan Parys, [former National Defense Minister] in opposition to the Suchocka government, accused her of being pro-Russian and a danger to Polish democracy.¹⁷⁸² The aim of the Republic Coalition, said former Prime Minister Jan Olszewski was "to defend the democratic system in Poland. This is an authentic, Polish, and Christian political coalition, which is undertaking the task of reversing the current chain of events in Poland."¹⁷⁸³

On October 10, the government presented its economic and social program for the following year. After an intense debate and opposition from the Left Alliance, the *Sejm* approved the government's social and economic policy with 171 votes for, 159 votes against, and 8 abstentions.¹⁷⁸⁴ Suchocka identified seven major goals for her government for the following year.¹⁷⁸⁵ The first aim was strengthening the rule of law in order to maintain security and order in Poland, built on democracy and a market economy and protection of employee rights by replacing the old political and economic system destroyed three years

¹⁷⁸¹ *Warsaw PAP*, "Main Statistical Office Issues August Report." FBIS-EEU-92-186. 24 September 1992. P: 17.

¹⁷⁸² *Warsaw RZECZPOSPOLITA*, "Former Prime Minister Forms Republic Coalition." FBIS-EEU-92-186. 24 September 1992. P: 15.

¹⁷⁸³ *Ibid.*

¹⁷⁸⁴ *Warsaw Radio Warszawa Network*, "Sejm Approves Suchocka Social, Economic Plan." FBIS-EEU-92-199. 14 October 1992. P: 12.

¹⁷⁸⁵ *Warsaw Radio Warszawa Network*, "Suchocka Addresses Sejm on Government Plan." FBIS-EEU-92-199. 14 October 1992. P: 12.

earlier.¹⁷⁸⁶ Second, increasing the national product for investment and maintenance of wage controls with protection of social benefits against inflation. The third goal was to make necessary conditions to attract foreign investors to Poland.¹⁷⁸⁷ Fourth, stabilizing the economy and speeding up of the process of privatization.¹⁷⁸⁸ Fifth, reducing Poland's burden of foreign debt.¹⁷⁸⁹ Sixth, ensuing 'public peace' through the inclusion of farmers' and employees' unions interests within government program of reform.¹⁷⁹⁰ The seventh was overcoming recession and entering the road to economic growth.¹⁷⁹¹ Restructuring the economic system in Poland since 1989 was faced with several obstacles, among them the political crisis and increasing number of strikes and protests against the government's economic and social policy. The government of Suchocka, therefore, stressed the need to accelerate the process of mass privatization and the creation of a social safety net to cope with the problem of increasing unemployment.

Suchocka believed that market economy mechanisms and criteria for allocating unused resources had not been developed properly and there was, therefore, an immediate needs to handle new needs and demands.¹⁷⁹² In addition, fundamental importance had to be given to reforms in key areas such as financing of social welfare, education, health service, and on programs assisting the unemployed.¹⁷⁹³ The creation of social safety net was an important task for Suchocka government. In the area of social welfare insurance, the government intended to liquidate the Social Insurance Fund (FUS) and introduce different

¹⁷⁸⁶ Ibid.

¹⁷⁸⁷ Ibid.

¹⁷⁸⁸ Ibid.

¹⁷⁸⁹ Ibid.

¹⁷⁹⁰ Ibid.

¹⁷⁹¹ Ibid.

¹⁷⁹² Ibid.

¹⁷⁹³ Ibid.

insurance methods.¹⁷⁹⁴ Suchocka promised to overcome the economic crisis and increase Poland's GDP, which she achieved during her government which lasted for 18 months and which was the longest government since transition in 1989-90.¹⁷⁹⁵ Suchocka's government was composed of different political parties to avoid the problems faced by the previous two governments.

Liberal parties started grouping themselves together to present a strong bloc in the Parliament, in particular, the Liberal Democratic Congress (KLD), the Polish Economic Programme (PPG), and the Liberal Faction of the Centre Alliance (PC).¹⁷⁹⁶ In November they decided to establish a coalition parliamentary floor group of 53 *Sejm* deputies.¹⁷⁹⁷ Liberal members at the parliament backed the economic and social policy program of the government. As mentioned before, liberals had asserted the need for IMF and World Bank agreements to ensure the flow of credits to Poland for restructuring its economic system. Liberals expressed their support for the Suchocka government and approved the idea of "law taxes."¹⁷⁹⁸

Negotiations with the IMF and the World Bank had been halted before because of the frequent changes in government and when the government had failed to amend the budget law. However, there was an atmosphere of political stability with the new government and after the approval of the government socioeconomic program, talks with international financial institutions resumed. In November, the director of the IMF European Department, Michel Deppler, and Finance Minister, Jerzy Osiatynski, signed a standby agreement which

¹⁷⁹⁴ Ibid.

¹⁷⁹⁵ Pawlak government was the shortest government staying in power since political transition in 1989-1990; it stayed for only one month from June to July 1992.

¹⁷⁹⁶ *Warsaw PAP*, "Three Liberal Parties Form Assembly Caucus." FBIS-EEU-92-217. 9 November 1992. P: 27-28.

¹⁷⁹⁷ Ibid.

¹⁷⁹⁸ *Warsaw PAP*, "Liberal Leader Reaffirms Support for Suchocka." FBIS-EEU-93-006. 11 January 1993. P: 27.

would grant Poland 700 million dollars and allow it to obtain a loan of over 1 billion dollars.¹⁷⁹⁹ “The IMF supports the Polish government’s economic programme. It meets half way the real needs of the country,”¹⁸⁰⁰ Deppler stated. Poland negotiated the first economic agreement with the IMF in December 1989, and concluded it in early 1990.¹⁸⁰¹ Then, Poland and the IMF replaced the initial agreement with another one, which was supposed to cover the years from 1991 to 1994.¹⁸⁰² By the fall of 1991, the agreement with the IMF was frozen “because Poland violated the executive criteria agreed on”¹⁸⁰³ with the IMF. Another agreement was negotiated in December 1991 which was supposed to cover the period from 1993 until 1996. Meanwhile, the government adopted the ‘basic directions of privatization in 1993,’ in which the period of 1993-94 would promote commercialization of state-owned enterprises and reprivatization to be carried out for private property nationalized and collectivized during communist times since 1945.¹⁸⁰⁴

Several protests rejected IMF involvement in Poland and urged the government to reconsider its agreements with the IMF. For Polish officials, the IMF was very important for Poland’s economic restructuring. IMF approval for “a given country’s economic program is tantamount to a certificate of credibility.”¹⁸⁰⁵ In other words, IMF approval of Polish economic program means “making loans available to the ‘approved countries.’”¹⁸⁰⁶ IMF approval of Poland’s economic program was aimed at helping it with its debt burden with the

¹⁷⁹⁹ *Warsaw PAP*, “Agreement Shows IMF Support for Economic.” FBIS-EEU-92-231. 1 December 1992. P: 25.

¹⁸⁰⁰ *Ibid.*

¹⁸⁰¹ *Ibid.*

¹⁸⁰² *Ibid.*

¹⁸⁰³ *Warsaw SERWIS INFORMACYJNY*, “Government Communiqué on Agreement with IMF.” FBIS-EEU-92-236. 8 December 1992. P: 30.

¹⁸⁰⁴ *Ibid.*

¹⁸⁰⁵ *Poznan GAZETA POZNASKA*, “Finance Ministry Aide on Role of IMF.” FBIS-EEU-92-243. 17 December 1992. P: 15.

¹⁸⁰⁶ *Ibid.*

Paris Club and the London Club. IMF approval also meant that Poland could regain its creditworthiness with foreign banks, which would help it with its economic restructuring program. The IMF announced its satisfaction with Poland's implementation of the agreement and approved its standby agreement on September 18, 1993 on condition that it met the IMF's conditions on the foreign exchange rate and the measures taken to remedy the deficit.¹⁸⁰⁷

With regard to Poland's foreign debt to the London Club, Poland started a third round of talks with commercial banks in July 1993. Poland's debt to the London Club amounted to 12.3 billion dollars.¹⁸⁰⁸ Negotiations between Poland and the London Club stagnated after the IMF froze its agreement with Poland in 1991 and resumed when representatives from Poland and the commercial banks opened up the talks again in 1992.¹⁸⁰⁹ Poland aimed to reduce its debt to 50 percent, similar to its agreement with Paris Club, while Western banks proposed a reduction of only 30 percent.¹⁸¹⁰

On the issue of privatization, the Ministry of Ownership Transformation introduced in June the program of Mass Privatization (MPP). The major aim of MPP was to accelerate the process of privatization and to "provide for great public participation."¹⁸¹¹ The Mass Privatization program was to privatize state enterprises through commercialization, which meant "transformation of a state-owned company into a joint stock or limited liability

¹⁸⁰⁷ *Warsaw PAP*, "IMF Approves Standby Agreement." FBIS-EEU-93-180. 20 September 1993. P: 30.

¹⁸⁰⁸ *Warsaw PAP*, "Talks with London Club on Debt to Resume 19 July." FBIS-EEU-93-136. 19 July 1993. P: 33.

¹⁸⁰⁹ *Ibid.*

¹⁸¹⁰ *Warsaw Radio Warszawa Network*, "Debt Negotiator Rejects London Club Offer." FBIS-EEU-93-139. 22 July 1993. P: 32-33.

¹⁸¹¹ Richard J. Hunter, Jr., and Leo V. Ryan, C.S.V, *From Autarchy to Market: Polish Economics and Politics, 1945-1995* (Praeger: Westport, Connecticut London, 1998), 142.

company, controlled solely by the State Treasury.”¹⁸¹² Commercialization of state-owned enterprises aimed to achieve four major goals:

1. “Provide a clear decision-making and control structure;”¹⁸¹³
2. “Adjust the legal status of the SOE to the market environment;”¹⁸¹⁴
3. “Create pressure for market-oriented restructuring;”¹⁸¹⁵
4. “Prepare the enterprise for privatization.”¹⁸¹⁶

Going back to liberals, their support for the Mazowiecki, Bielecki and Suchocka governments was driven largely by their support for Balcerowicz’s liberal economic reform aimed at transferring Poland from a planned economic system to a free market Western style economic system with a fast track approach. Liberals, such as Balcerowicz, former Deputy of Prime Minister and Minister of Finance, argued against the increasing role of trade unionism in Poland’s economic affairs during this sensitive transitioning time. The same argument was echoed by KLD chairman, Donald Tusk, who said that the “strike actions could undermine the elections. Liberals want to curb the role of trade unions considerably.”¹⁸¹⁷ For liberals, “over representation of trade unions and their excessive role of nonpolitical institutions,”¹⁸¹⁸ said Donald Tusk, is “a result of the weakness of political parties.”¹⁸¹⁹ Liberals were associated with radical economic reforms represented by ‘shock therapy.’ Liberals, therefore,

¹⁸¹² Ibid.

¹⁸¹³ Ibid.

¹⁸¹⁴ Ibid.

¹⁸¹⁵ Ibid.

¹⁸¹⁶ Ibid.

¹⁸¹⁷ *Warsaw TVP Television First Program*, “KLD Wants to Curb Trade Unions’ Rights.” FBIS-EEU-93-157. 17 August 1993. P: 27.

¹⁸¹⁸ Ibid.

¹⁸¹⁹ Ibid.

faced a difficult time defending their economic program during the parliamentary election for September 1993.

Public Attitude Shift to the Left

During the first half of 1993, the average monthly wage increased by 2.8 percent, while food prices had decreased by 2.4 percent.¹⁸²⁰ Industrial production prices had increased and were 3.9 percent higher than in July 1992, as reported by GUS.¹⁸²¹ The government still faced growing unemployment and a trade deficit. Unemployment was also higher than in 1992, having reached 2.8 million.¹⁸²² Attacks on privatization and high unemployment increased during the elections campaign for the *Sejm* and the Senate, as happened before, in particular from the SLD and KPN parties. Some parties asked for the economic reform plans to be reversed and others asked for the privatization process to be curbed, while liberals remained the major advocates for radical reform toward free-market reforms and mass privatization. All parties competed for the upcoming parliamentary elections and presented their economic election programs in the light of the situation of the economy with the Suchoka government. The Confederation of Independent Poland (KNP) attacked the government using phrases such as “oligarchic economy.”¹⁸²³ KNP attacked the Ministry of Ownership Transformation for depriving the public of control over privatization methods.¹⁸²⁴ The Union for Real Politics (UPR), on the other hand, remained a major advocate for Poland’s complete conversion to market capitalism economy. For the Democratic Union,

¹⁸²⁰ *Warsaw PAP*, “Wages Ahead of Price Increases in July.” FBIS-EEU-93-157. 17 August 1993. P: 26.

¹⁸²¹ *Ibid.*

¹⁸²² *Ibid.*

¹⁸²³ Article by Mariola Balicka and Stanislaw Janecki *Cards on the Table* investigated the economic agenda of major political parties competing for the September 1993 elections. Source: *Poznon WPROST*, “Article Considers Parties Economic Objectives.” FBIS-EEU-93-168. 1 September 1993. P: 40.

¹⁸²⁴ *Ibid.*, 41.

Democratic Liberal Congress and the Union for Real Politics, there was no alternative to privatization and a market economy. UPR called for “general and unrestricted capital privatization based on mortgages and the complete privatization of public sector.”¹⁸²⁵

Before the parliamentary elections, which were scheduled for September 19, 1993, the post-Communist SLDs ranked higher than other parties. It is important to say that post-Communist parties did not advocate a reversal of Poland’s economic reform toward a market economy, but they differed in their approach toward economic reform. Balcerowicz in 1989 pursued an anti-gradual, radical approach to economic reform; for SLD (post-Communist party) the pace of reform should be gradual with protection of workers and with an active role for the state in this process. In addition, the SLD called for “an end to treating state enterprises as ‘postcommunist economic structure that must be closed down for reasons of ideology and doctrine, whether or not they are efficient.’”¹⁸²⁶ The left parties were, according to Mariola Balicka and Stanislaw Janecki, “quite clear in their criticism of general privatization but not so clear about alternatives to it.”¹⁸²⁷

In an interesting article written in August 1993 under the title, *A Mistake*, Ryszard Holzer explained the causes behind the rise of the Leftist parties and the decline of the Solidarność movement. The article gives an overall picture of the situation during that time in Polish history and, thus, it is worth quoting at length:

One has to go back to the years following martial law. December 1981 strengthened the “Solidarity” legend. *In June 1989, the electorate cast its votes for the old “Solidarity”- a social movement faithful to the vision of social solidarity, according to which class differences were to be subordinated to acting for the common good. However, during the 1980’s enormous changes occurred in the mentality of the opposition intellectual elites. Seeing the collapse of the communist economic on the one hand and a fascination with the*

¹⁸²⁵ Ibid., 41.

¹⁸²⁶ Ibid.

¹⁸²⁷ Ibid.

neoliberalism of Margaret Thatcher and Ronald Reagan on the other hand meant that the vision of building a society based on solidarity was replaced by the vision of building capitalism, and rapacious, competitive capitalism at that. As a result, although the “Solidarity people” were the same, they were not quite the same people. Society cast its votes for what it wanted before December 1981, an improved form of socialism. Instead of that, they received a free market and shock therapy.¹⁸²⁸ (*Italics added*)

As the article above shows, changes in public attitudes toward Solidarność came about after the introduction of a market-economy in Poland since 1989. Solidarność changed drastically after the declaration of martial law. Solidarność after transition in 1989, divided along different political and economic orientations. The increasing popularity of SLD before the elections was caused by disappointment with Solidarność governments in general and by the decline in living standards in particular. The rise of post-Communist parties in 1993 signaled a public backlash to the harsh economic reforms implemented in January 1990. Not only in Poland, but also in other countries such as Hungary, Lithuania and Russia, leftist parties scored higher than other parties. Post-Communist parties and politicians who won the election of 1993 were not advocates, according to Thomas E. Weisskopf, of market socialism, but rather they “also committed to a transition to capitalism - but a more gradual one in which more attention is paid to preserving employment and more public spending is devoted to social programs to cushion adverse effects of the economic change on ordinary people.”¹⁸²⁹ Weisskopf went further and said that the idea of market socialism as an alternative to capitalism in Eastern Europe is “dead.”¹⁸³⁰

¹⁸²⁸ *Warsaw ZYCIE WARSZAWY*, “Commentator Analyzes Support for Postcommunist Left.” FBIS-EEU-93-169. 2 September 1993. P: 24.

¹⁸²⁹ Thomas E. Weisskopf, “The Prospects for Democratic Market Socialism in the East,” published in Erik O. Wright (ed.), *Equal Shares: Making Market Socialism Work* (Verso Books, 1996), 5.

¹⁸³⁰ *Ibid.*

Solidarność in 1993, compared with the Solidarność of 1980, was different in composition and goals. In a survey conducted by CBOS on June 11-14, it was revealed that the majority of respondents believed that Solidarność had changed “for the worse.”¹⁸³¹ The survey also revealed that more than 65 percent of those polled thought that Solidarność “defends workers’ rights worse than in the beginning of the eighties,”¹⁸³² and more than 58 percent of those surveyed felt dissatisfied and disappointed with Solidarność which used to be the sole defender of workers’ rights.¹⁸³³ One major reason attributed to Solidarność’s loss of presence in Polish society was, according to the survey, attributed to Solidarność leaders, who engaged in personal and political ambitions and had become remote from workers’ demands in general.¹⁸³⁴ As a result, voting preferences noticeably changed toward supporting leftist parties, in particular, the Democratic Left alliance (SLD), as the table below reveals.

Table 6.28: Voters’ elections preference in 1993.¹⁸³⁵

Election Preferences in 1993	
Party	Percentage
SLD	16 %
UD	13%
BBWR	9%
KNP	7%

¹⁸³¹ *Warsaw PAP*, “Opinion Poll Says Solidarity Has Changed for Worse.” FBIS-EEU-93-135. 16 July 1993. P: 21.

¹⁸³² *Ibid.*

¹⁸³³ *Ibid.*

¹⁸³⁴ *Ibid.*

¹⁸³⁵ *Warsaw RZECZPOSPOLITA*, “Opinion Poll Shows Change in Voter Preference.” FBIS-EEU-93-136. 19 July 1993. P: 35. This table is based on a survey conducted by *RZECZPOSPOLITA* in 10-11 August 1993.

PSL	5%
UP	5%
KLD	5%
NSZZ 'S'	3%
Undecided	21%
Others	16%

The table above shows the rising popularity of leftist parties with the continuation of economic difficulties and decreasing standards of living. The Democratic Left Alliance (SLD) was projected to be the greatest winner in the coming elections for the *Sejm*, followed by the Democratic Party (UD) and the Non-Party Bloc in Support for Reforms (BBWR). The Liberal –Democratic Congress Party only gained 5 percent of voting preferences as showed from the above table. In general, political parties, which split from Solidarność, showed a decline in public support. In its election program, SLD a post-Communist party, announced that its aim “is not to fight with anyone but to convince those that are still unconvinced,”¹⁸³⁶ of their social and economic program, said Włodzimierz Cimoszewicz, head of the National Election Committee of the SLD. The Liberal Democratic Congress was criticized heavily for the problem of rising unemployment in Poland since its assumption of power during the Mazowiecki government.

The turnout for the *Sejm* elections was 52.08 percent with 14,415,586 voters.¹⁸³⁷ A total of 8,787 candidates ran for the *Sejm*.¹⁸³⁸ 460 deputies were elected to the *Sejm*, including 69

¹⁸³⁶ *Warsaw PAP*, “SLD Drafting Election Program.” FBIS-EEU-93-139. 22 July 1993. P: 32.

¹⁸³⁷ http://www.ipu.org/parline-e/reports/arc/2255_93.htm

¹⁸³⁸ *Warsaw PAP*, “Sejm Seat Distribution.” FBIS-EEU-93-184. 24 September 1993. P: 19.

who entered the elections on the basis of national lists.¹⁸³⁹ The result, as the polls predicted, led to victory for the Democratic Left Alliance, SLD. The Democratic Left Alliance got 20.41 percent of the vote; the Polish Peasant Party won 15.40 percent; the Democratic Union won 10.59 percent; the Labor Union Party won 7.28 percent; the Confederation for an Independent Poland won 5.77 percent; and the Non-Party Bloc in Support for Reforms won 5.41 percent.¹⁸⁴⁰ One of the main factors that led to the defeat of liberal parties was their failure “to enter into a coalition with one another.”¹⁸⁴¹ The table below shows the distribution of seats after the elections of the *Sejm* in 1993.

Table 6.29: *Sejm* distribution in 1993¹⁸⁴²

Party	Acronym	Seats
Democratic Left Alliance	SLD	171
Polish Peasant Party	PSL	132
Democratic Union	UD	74
Union of Labor	UP*	41
Confederation for an Independent Poland	KNP	22
Non-Party Bloc in Support of Reforms	BBWR	16
German Minority Organizations		4
*Labor Solidarity		
Distribution of Seats according to gender		

¹⁸³⁹ Ibid.

¹⁸⁴⁰ Ibid.

¹⁸⁴¹ Warsaw *GAZETA WYBORCZA*, “Balcerowicz Views Reasons for Left-Wing Win.” FBIS-EEU-93-189. 1 October 1993. P: 23.

¹⁸⁴² See historical archive of parliamentary elections results in Poland online from: http://www.ipu.org/parline-e/reports/arc/2255_93.htm

Male	400
Female	60

It was predicted that SLD would reverse the economic reforms and intensify the role of the government in the economy. However, international financial institutions did not declare any statement after the post-Communist party won the elections, instead they waited to see if there would be any changes in Poland's economic policy. The Senate results also witnessed a massive victory for the leftist parties. The turnout for the Senate elections was 52.06 percent, with 14,408,367 voters casting their votes in the election for 100 Senators.¹⁸⁴³ The table below presents the results of the Senate election on September 19, 1993.

Table 6.30: Distribution of the Senate results in 1993.¹⁸⁴⁴

Political Party	Acronym	Seats
Democratic Left Alliance	SLD	37
Polish Peasant Party	PSL	36
Labor Solidarność	SP	10
Democratic Union	UD	4
Confederation for an Independent Poland	KPN	2
Non-Party Bloc in Support of Reforms	BBWR	2

¹⁸⁴³ *Warsaw PAP*, "Sejm Seat Distribution." FBIS-EEU-93-184. 24 September 1993. P: 19.

¹⁸⁴⁴ http://www.ipu.org/parline-e/reports/arc/2256_93.htm

Others		9
Distribution of seats according to gender:		
Male	87	
Female	13	

The elections for the *Sejm* and the Senate resulted in a defeat for parties that had split from Solidarność and led to a massive victory for leftist parties. As mentioned before, one of the major political developments in Poland since June 1989 was the massive and surprising victory of Solidarność candidates, which was accompanied with euphoria and demands for liberalization in all aspects of Polish life. Gradually, disappointment with Solidarność governments surfaced with the rise of unemployment and an increase in the number of strikes from mid-1990 onwards.

The Democratic Union and the Liberal-Democratic Congress were the major losers in these elections. Leszek Balcerowicz had stated that the reason behind the rise of leftists in Poland in 1993 was rooted in people's dissatisfaction and the difficulty to "appreciate the negative phenomena that they are witnessing are the result of powerful new processes that have a positive aim."¹⁸⁴⁵ Another reason, for him, was that political freedom, which had emerged during the transition period, had allowed criticism of the path of economic reform to popularize.¹⁸⁴⁶ In addition, political freedom had led to an increase access to mass media, which allowed for unprofessional agitators to find a platform for their complaints about economic reform.¹⁸⁴⁷ The last reason, according to Balcerowicz, was that the election results

¹⁸⁴⁵ Warsaw *GAZETA WYBORCZA*, "Balcerowicz Views Reasons for Left-Wing Win." FBIS-EEU-93-189. 1 October 1993. P: 23.

¹⁸⁴⁶ Ibid.

¹⁸⁴⁷ Ibid.

came about because of the “new election code, which, rightly enough, favored the large parties. This new code was necessary to prevent another fragmented parliament like the last one consisting of seven parties.”¹⁸⁴⁸ In addition to these factors, as stated before, pro-reform parties had failed to form a coalition and to stand as a strong bloc against left parties. The Democratic Union and the Liberal-Democratic Congress, therefore, decided to form a parliament opposition coalition and proposed the idea of the unification of the two parties after the victory of leftist parties in the elections for the *Sejm* and the Senate.¹⁸⁴⁹

After the victory of Leftist parties, fears emerged that Poland would reverse its economic policy. But, President Lech Wałęsa asserted to the Managing Director of the World Bank, Ernest Stern, that after the elections the “situation in Poland is slightly different today but we will maintain the to-date line of reforms. There will be no change of the concept.”¹⁸⁵⁰ Indeed, Wałęsa blamed Western protectionist policies for the defeat of the reformist parties and argued that Western countries had promised to help Poland restructure its economy, but “today it imposes bans on Polish products.”¹⁸⁵¹ The same argument made by Prime Minister Hannah Suchocka and Czech President Valclav Havel- that protectionist policies and Western ‘egoism’ were the major cause of the rise of post-Communist parties.¹⁸⁵²

The Democratic Left Alliance and the Polish Peasant Party decided to form a government coalition. The box below presents the provisional economic policy program agreed upon by the coalition parties, the SLD and the PSL, for 1994.

¹⁸⁴⁸ Ibid.

¹⁸⁴⁹ *Warsaw PAP*, “UD to Propose Unification with KLD.” FBIS-EEU-93-190. 4 October 1993. P: 30.

¹⁸⁵⁰ *Warsaw PAP*, “Walesa: Poland will Maintain Line of Reforms.” FBIS-EEU-93-195. 12 October 1993. P: 26.

¹⁸⁵¹ Ibid.

¹⁸⁵² *Warsaw Third Program Radio Network*, “Western ‘Protectionism’ Blamed for Election Defeat.” FBIS-EEU-93-195. 12 October 1993. P: 27.

Box 6. 5: Coalition economic policy for 1994.¹⁸⁵³

1. Budget Policy
<p>If, despite measures taken in terms of revenue, the implementation of plans intended to secure economic growth and decrease unemployment, required a temporary, small, noninflationary increase in the 1994 budget deficit, then the parties [to the coalition agreement] regard that option possible....</p> <p>The parties agree that the current inflation is primarily of a cost nature. Because of that, the parties regard it as necessary to limit the scale of increases in government-controlled prices, in particular prices for electricity and natural gas. In this context, a revision is required of the concept of increasing the VAT [value-added tax] rate on energy carriers beginning in July 1994. That increase is provided for by the Law on Taxes on Merchandise and Services.</p>
2. Budget Revenue Policy
<p>The parties regard it as necessary to increase revenue from taxes and customs duties, as a result of:</p> <ul style="list-style-type: none"> - Regaining by state-owned companies of the ability to earn income and render financial obligations to the state budget, as a result of restructuring debts among those companies which have a realistic program of effective economic activity; - Strengthening and improving work by Treasury agencies and customs services, as well as amending legal provisions concerning taxes and financial turnover; - Widening the application of the VAT tax to a part of those areas which have not been covered by it up to now; - Brining in additional revenue as a result of applying an appropriate exercise policy; - Amendments to the principles of application of the tax chart; - Improvements in the rigor of routine payments into the budget, as well as gaining a none-time strengthening of the budget through conditional remission of part of corporate tax arrears, coupled with a partial payment of those arrears.
3. Budget Expenditure Policy
<p>The parties agree the following should be accomplished in the first place, in 1994:</p> <ul style="list-style-type: none"> - A reform of a system of financial benefits for families, to concentrate that system on those families with particularly low incomes; - A return of housing benefits for low-income families (possibly in conjunction with a valorization of rents for housing allocations); - An increase of the lowest-level pensions for senior citizens and other kinds of pensions;

¹⁸⁵³ The whole box is taken literally from the translated FBIS report of Poland. *Warsaw RZECZPOSPOLITA*, "Excerpts of Coalition Agreement." FBIS-EEU-93-198. 15 October 1993. P: 23-25. This text is an extract from an appendix of 20 pages written by the coalition agreement and "was agreed upon by the Polish Peasant Party, the Democratic Left Alliance, and, to some extent, the Union of Labor." Ibid., 23. Note here that the Union of Labor withdrew from the coalition later on.

<ul style="list-style-type: none"> - Initiation of a gradual increase of valorization of different kinds of pensions; - Regardless of the necessity of initiating a process of transformations in the education system and health service, an increase of financial means for expenditures in both those areas....
4. The Tax System
<p>The parties think that the main changes should be about:</p> <ul style="list-style-type: none"> - Abolishing the so-called mandatory dividend and interest on capital, through the adoption of measures contained in the “Agreement on State-Owned Enterprises;” - Abolishing the tax on excessive wage increase in conjunction with introducing managerial contracts, as well as joint contracts. <p>The parties regard it as possible to also agree upon other mechanism for imposing property taxes, as well as preventing uncontrolled wage increases. These other mechanisms entail:</p> <ul style="list-style-type: none"> - Widening investment tax benefits to cover individuals; - Application of fiscal support (investment benefits, increased allowance for depreciation, retaining the dividend for investment purposes or a faster return of VAT and customs payments) with regard to pro-export investments; - <i>A correction of the tax scale with regard to individual income taxes, which would be on the one hand about establishing another tax rate (of 50 percent) with the simultaneous introduction of investment benefits, and on the other hand-about decreasing the tax burden imposes on people with particularly low incomes;</i> (Italics added here) - Extending the possibility of joint taxation of income in incomplete [niepełne] families; - Limiting tax benefits in connection with educating children in nonpublic schools.
5. Agriculture
<p>It was agreed that the state will actively participate in stabilizing the food and agricultural market, in particular by:</p> <ul style="list-style-type: none"> - Applying intervention prices and intervention reserves through the Agricultural Market Agency [Agencja Rynku Rolnego]; - Establishing minimum prices on bread grain, milk, and pigs for slaughter; - Introducing a system of complementary payments with regard to some selected food and agricultural products, while using the experience of the EC in this regard; - Subsidizing credits for purchasing agricultural products; - Supporting market institutions as well as social and professional organizations for farmers...
6. Retirement and Other Kinds of Pensions
<p>The following was agreed upon, among others:</p> <ul style="list-style-type: none"> - Gradual increases in the rate of valorization of retirement pensions and other kinds of pensions. The parties shall undertake efforts to increase the rate to 93 percent in 1994; - Abolition of wage limits for senior citizens and pensioners who have reached the age of 65 (males) and 60 (females).
7. The budget Sector

It was agreed upon that a wage increase should be conducted in the budget sector in December 1993, ..., it was decided that:

- The mandatory transfer of education and health care to local self-government,, shall be halted, ...
- Debt remission will be conducted for educational units and for hospitals, following an assessment of the reasons for the debt, and of the debt's nature, is conducted...

8. The Housing Industry

Among others, measures should be initiated to introduce tax breaks for any investment activity and for any form of meeting housing needs (income tax, extending the zero-rate VAT in 1994 and 1995, maintaining long-term repayment of credits.

9. Pro-Export Policy

It was agreed upon that the following should be accomplished, among others:

- Adoption of an active currency-exchange rate policy, based on the principle of a creeping exchange rate which would take into account predicted fluctuations in inflation...
- Introduction of control and appropriate measures to secure against the excessive transfer of foreign currency abroad, outside of the banking system;
- Introduction of preferences for export-oriented ventures...
- Allowing for the possibility of subsidizing the export of certain products and merchandise;
- Establishing a system of extra-tariff regulations for protecting the market, in the form of introducing among others: complementary payments, a quota based system and contingents for imported goods, ...

10. Privatization with Employee Participation

The following items were agreed upon, among others:

- Enabling employees of state-owned enterprises to establish employee partnership in which the State Treasury would take part temporarily, with the option of a priority in purchasing State Treasury shares by employees, within a fixed period of time;
- Support for employees partnerships in the form of reducing by half (by 75 percent in areas of high unemployment) sums of money which the partnerships are obliged to transfer to the State Treasury in the form of lease installments (employee leasing), as well as an analogous reduction in the amount of capital legally required for the said partnerships (changing the principles of financial assessments of property). This type of privatization applies to small enterprises;
- Giving employees the right to acquire 15 percent of shares of State Treasury partnerships for free, with the option of a priority acquisition of an additional 5 percent from the State Treasury in a fixed period of time....
- A need to control the process of privatization in the banking and insurance sectors, as well as the need to establish a modern legal basis beforehand, that is to say, a law on banking, a law on insurance, an assessment of the financial state of both sectors [banking and insurance], followed by ownership-transformation.

The new government coalition differed from the coalition of the previous government [a coalition between the UD and the KLD] in its call for the need to slow down the process of privatization. On October 19, President Lech Wałęsa designated Waldemar Pawlak as the new Prime Minister.¹⁸⁵⁴ In a matter of few weeks a new government was formed, mainly from the SLD and PSL parties. The major losers in these elections were Solidarność and liberal parties, in particular the KLD, who also lost posts in the government. Table 6.31 below shows the composition of the Pawlak government.

Table 6.31: The government of Waldemar Pawlak, October 1993:¹⁸⁵⁵

Name	Party	Position	Profession/brief biography
Waldemar Pawlak	PSL	Prime Minister	<ul style="list-style-type: none"> - Engineer - Chairman of the PSL since 1991. - Former Prime Minister from June 5 until July 10, 1992.¹⁸⁵⁶
Marek Borowski	SLD	Deputy Prime Minister for Economic Affairs and Minister of Finance.	<ul style="list-style-type: none"> - Graduated from the Central School of Planning and Statistics (SGPIS). - Head of the Economic Department of “DT Centrum” department store in Warsaw. - Member of the SdPR (Social Democracy of the Polish Republic since 1990. - <i>Sejm</i> Deputy since 1991.¹⁸⁵⁷

¹⁸⁵⁴ Suchocka government lost after a ‘vote of no confidence, on May 1993. However, the government functioned without parliamentary control until the Pawlak government was formed after parliamentary elections in September 1993.

¹⁸⁵⁵ *Warsaw PAP*, “Cabinet Members Profiled.” FBIS-EEU-93-206. 27 October 1993. P: 13-15. All information included in this table taken from FBIS translated report. Acronyms: SLD (Democratic Left Alliance); PSL (Polish Peasant Party); BBWR (Non-Party Bloc for Reform); UP (Labour Union); and Indp (Independent). To see full biography of each minister return to the same report. Some of these names have been mentioned before, therefore, their biography is not extended here so as to avoid repetition of the same information mentioned before in this chapter.

¹⁸⁵⁶ *Warsaw PAP*, “Pawlak Profiled.” FBIS-EEU-93-206. 27 October 1993. P: 13.

¹⁸⁵⁷ *Warsaw PAP*, “Cabinet Members Profiled.” FBIS-EEU-93-206. 27 October 1993. P: 13.

Włodzimierz Cimoszewicz	SLD	Deputy Prime Minister for social affairs, and Minister of Justice.	<ul style="list-style-type: none"> - Doctor of Law, and worked at Warsaw University at the International law Institute. - A candidate for 1990 presidential election. - SLD <i>Sejm</i> deputy. - Delegate to Council of Europe Parliamentary assembly. - Chairman of SLD floor group.
Aleksander Luczak	PSL	Deputy Prime Minister and Minister of Education.	<ul style="list-style-type: none"> - Graduated in history from Warsaw University. - Education Minister in 1989. - Head of the Pawlak's 33 days, cabinet formation in 1992. - He was regarded as "main ideologist of PSL."¹⁸⁵⁸
Andrzej Olechowski	BBWR	Foreign Minister.	<ul style="list-style-type: none"> - Graduated from the Central School of Planning and Statistics (SGPIS). - Economic advisor to Lech Wałęsa. - One of the founders of the BBWR.
Andrzej Milczanowski	Indp	Minister of Internal Affairs.	<ul style="list-style-type: none"> - Lawyer. - Solidarność activist, member Lech Wałęsa's Citizen Citizens'. - Head of the State Protection Office (UOP) in the years from 1990-1992. - He was Minister of Internal Affairs in the Hanna Suchocka government.
Piotr Kolodziejczyk	Indp	Minister of Defense.	<ul style="list-style-type: none"> - Rear Admiral, graduated from the Navy Academy in Gdynia. - He was member of the

¹⁸⁵⁸ Ibid., 13.

			<p>Polish United Workers Party.</p> <ul style="list-style-type: none"> - Defense Minister in Mazowiecki and Bielecki governments.
Michal Stark	PSL	Cabinet Office Head.	<ul style="list-style-type: none"> - Academic and journalist graduated from Warsaw University. - Co-editor of <i>WIES WSPOLCZESNA</i> (Contemporary Countryside) periodical. - Former deputy of the Culture Development Fund.
Mark Pol	UP	Minister of Industry.	<ul style="list-style-type: none"> - Graduated from Poznan Technical University and the Academy of Economics. - PSL economic advisor during Waldemar Pawlaks government formation in 1992.
Wieslaw Kaczmarek	SLD	Minister of Privatization.	<ul style="list-style-type: none"> - Graduated from Warsaw Technical University. - Member of Social Democracy of the Republic of Poland (SdRP). - Head of Warsaw office of the commercial banks SA Lublin. - Co-Author of SLD economic programme. - “represents, together with Marek Borowski, the liberal wing of SLD.”¹⁸⁵⁹
Boguslaw Liberadski	Indep	Minister of Transportation.	<ul style="list-style-type: none"> - Graduated from the Central School of Planning and Statistics (SGPIS). - Former PZPR member.

¹⁸⁵⁹ Ibid., 14.

Jacek Zochowski	SLD	Minister of Health.	<ul style="list-style-type: none"> - Graduated from Medical Academy in Warsaw. - Former PZPR member.
Andrzej Smietanko	PSL	Minister of Environmental Protection.	<ul style="list-style-type: none"> - Graduated from the Main School of Agriculture (SGGW). - Former <i>Sejm</i> Deputy.
Leszek Miller	SLD	Minister of Labour and Social Policy.	<ul style="list-style-type: none"> - Graduated from the Higher School of Social Science (WSNS). - Former PZPR member. - Member of the Social Democracy of the Republic of Poland (SdRP).
Lesław Podkański	PSL	Minister of Foreign Economic Relations.	<ul style="list-style-type: none"> - Graduated from Moscow Institute of Oil and Gas Industry.
Barbara Blida	SLD	Minister of Construction.	<ul style="list-style-type: none"> - Construction engineer, graduated from the Silesian Technical University. - Former PZPR member. - Member of the SdRP.
Andrzej Zielinski	Indep	Minister of Telecommunications.	<ul style="list-style-type: none"> - Professor graduated from Warsaw Polytechnic. - Former PZPR member.
Kazimierz Dejmek	PSL	Minister of Culture.	<ul style="list-style-type: none"> - Actor and director. - Former PZPR member.¹⁸⁶⁰

As before, the IMF announced its readiness to cooperate with the Polish government on the basis of the economic program of the new government for the year of 1994. By now, Poland was carrying out the standby agreement with the IMF which was signed in November of the last year and was based on the economic program presented by Prime Minister Suchocka. Based on the situation and the development in economic sector in Poland, the Paris

¹⁸⁶⁰ Ibid.

Club of creditors would reduce Polish debt (which was 33 billion dollars in 1993) by about 8 billion dollars.¹⁸⁶¹

Integration vs. fragmentation

Worries about the future economic reforms increased with the rise of the leftist parties and the decline of liberal parties, in particular, the KLD. Thus, there were, as mentioned before, attempts to merge the Democratic Union (UD), headed by Mazowiecki, and the Liberal-Democratic Congress (KLD), headed by Donald Tusk, to strengthen the position of reformers for the upcoming parliamentary elections in 1997 because, as an advocate for the fusion of both parties said, “a weak KLD will not be able to campaign for liberal reforms.”¹⁸⁶² The last elections of the *Sejm* and the Senate gave an indication that, due to economic difficulties and increased unemployment, workers were looking for an alternative program of reform that was less radical and less privatized and with more social welfare policies. One sign of this disenchantment with KLD ideas was that the Democratic Union Party had acquired seats in the *Sejm* in the last election, while the KLD did not, because of UD’s diverse orientations. To put it differently, KLD became “alien to the life of Poland in 1993 and 1994,”¹⁸⁶³ therefore, “the KLD needs to be revitalized because liberal values are not enshrined in our lives. Thanks to the merger [between UD and KLD], liberal views will have a greater chance of survival. After all there is no shortage of liberals in UD.”¹⁸⁶⁴ After intense debate

¹⁸⁶¹ *Warsaw PAP*, “IMF Ready for Cooperation with New Government.” FBIS-EEU-93-212. 4 November 1993. P: 16-17.

¹⁸⁶² *Warsaw GAZETA WYBORCZA*, “Liberals Consider Merger with Democrats.” FBIS-EEU-93-220. 17 November 1993. P: 22.

¹⁸⁶³ *Warsaw GAZETA WYBORCZA*, “KLD’s Tusk on Unification with UD.” FBIS-EEU-94-051. 16 March 1994. P: 21.

¹⁸⁶⁴ *Ibid.*

and compromises, both the UD and the KLD decided to merge under one political party called the Union of Freedom (UW), which would be chaired by Leszek Balcerowicz.

Without KLD involvement in the government's composition, as shown in the table above, the predictions for a reversal of Poland's radical economic reform increased. However, the government could not reverse or slow down the process of privatization due to one basic fact- Poland by now was obligated to fulfill the requirements for its agreements with the IMF and World Bank to regain its creditworthiness with Western countries as a result. In addition, Poland also became an associate member of the European Union (EU) and, to acquire full membership, it had to meet requirements set by the EU. And on top of all of that, when Poland decided to embark on the process of transformation to capitalism, it set a new path for institutions that became hard to reverse.

Political uncertainty arose again, this time, with the candidacy of Dariusz Rosati [Balcerowicz stated that Rosati was against the Balcerowicz plan but supported it later]¹⁸⁶⁵ for the post of Deputy Prime Minister and Minister of Finance after the dismissal of Marek Borowski, when the coalition supported Rosati's candidacy while President Wałęsa opposed it. The conflict between the coalition (SLD-PSL) and President Wałęsa was accompanied by strikes staged by Solidarność. By now President Lech Wałęsa's popularity, once a charismatic leader of Solidarność that led to the collapse of Communist in Poland, had decreased. In a poll carried out between March 10 and 14, 1994 by CBOS (Public Opinion Research Center), 60

¹⁸⁶⁵ Balcerowicz said in an interview about the candidacy of Rosati that "the fact that he [Rosati] admits to having change his mind puts him in a good light because not many people have the courage to do that. I think is change of heart was caused by the fact that Poland has experienced the biggest economic success out of all of the postsocialist countries, some of which were in a similar situation to ours and other in an even better one." *Poznan WPROST*, "Balcerowicz Views Rosati, Economic Reform." FBIS-EEU-94-057. 24 March 1994. P: 21. The question was "The Democratic Left Alliance candidate for the post of deputy prime minister and finance minister is Dariusz Rosati, who once dissociated himself from the so-called Balcerowicz line toward the end of the Bielecki government, but today claims he supports your views. What one can expect from Rosati?" Ibid.

percent of the respondents thought that President Lech Wałęsa's actions weakened the state, while 17 percent said the opposite.¹⁸⁶⁶ Political crisis between Wałęsa and the coalition (SLD-PSL) started with the refusal of Wałęsa to approve Rosati for the post of the Prime Minister and Minister of Finance, and with Wałęsa's refusal to sign the new law on tax on wage-controlling [neo-Popiwiek], "leaving the government with no wage-control mechanism."¹⁸⁶⁷

The war against post-Communists began. Wałęsa's statements increased in an anticommunist rhetoric. Wałęsa's actions can be attributed, in part, to his preparation for the upcoming presidential campaign for 1995. Wałęsa's election campaign was directed at the increase in post-Communist influence in Poland, in particular, against SLD leader, Aleksander Kwaśniewski (who would become President of Poland from 1995 to 2005). Kwaśniewski was already gaining popularity in Poland. According to a survey conducted by CBOS, he received the highest support as a candidate for presidency for 1995.¹⁸⁶⁸

Another factor that worsened the political and economic situation was the coalition itself. There was a lack of confidence in a government coalition (SLD-PSL) which was built on compromises with different political parties. A new Finance Minister, Gregorz Kolodko, who was described as an anti-Balcerowicz economist, was appointed. With the appointment of Kolodko, there were predictions that Poland would depart from the liberal reforms represented by the Gdansk liberal school - that is, an economic policy which had been in place for the last few years. In regard to the economic situation in 1994, the economic indicators were more positive than in previous years since the commencement of the Balcerowicz plan.

¹⁸⁶⁶ *Warsaw PAP*, "Poll: Majority Say Walesa Actions Weaken State." FBIS-EEU-94-060. 29 March 1994. P: 29.

¹⁸⁶⁷ Frances Millard, *Politics and Society in Poland* (Rutledge: London and New York, 1999), 153.

¹⁸⁶⁸ *Warsaw RZECZPOSPOLITA*, "Poll: Kwaśniewski Best Presidential Candidate." FBIS-EEU-94-069. 11 April 1994. P: 15.

Major positive trends in late 1992-93 were: ¹⁸⁶⁹ 1) the stabilization of unemployment, with the number of unemployed going down by 130,000 in comparison with the previous year; 2) social benefits, including social security payments, pensions and unemployment benefits increased; 3) slower rise in consumer goods prices; 4) growth in exports and investment. ¹⁸⁷⁰

Mass Privatization Program (PPP)

Poland inherited a centrally planned economy with around 8,441 state enterprises from its socialist period. ¹⁸⁷¹ At the beginning of 1990, with the implementation of the Balcerowicz plan, the process of privatization gained support from the public. Support and enthusiasm declined over time when the issue of unemployment came to the surface, and led to several protests and strikes. In addition, political instability and cases of economic corruption started to weaken public support for the process of privatization. Changes in government had affected the pace of privatization throughout the first five years of transition to a market economy. By September 1994, there were only 2,974 enterprises that were either privatized or were in the process of being privatized. ¹⁸⁷² From those, only 1,166 were already privatized, of which 115 privatized through sale of stock, 813 were privatized through leasing them, and 238 were privatized through partial or total liquidation. ¹⁸⁷³ Privatization took different paths and approaches. However, the most popular approach for privatization was through stock sale. By

¹⁸⁶⁹ *Warsaw GAZETA PRZEMYSŁOWA I HANDLOWA*, "First-Half 1994 Economic Explained." FBIS-EEU-94-211. 1 November 1994. P: 19-21.

¹⁸⁷⁰ *Ibid.*

¹⁸⁷¹ *Warsaw PRZEGLAD POLITYCZNY*, "Privatization Efforts, Current Status Reviewed." FBIS-EEU-95-007. 11 January 1995. P: 15.

¹⁸⁷² *Ibid.*

¹⁸⁷³ *Ibid.*, 16.

1995, there were almost 200 enterprises waiting for approval to participate in the Mass Privatization Program.¹⁸⁷⁴

The coalition government promised to continue with economic reform. The Mass Privatization Program (PPP), also known as the Program for National Investment Funds and their Privatization.¹⁸⁷⁵ The Program of Mass Privatization was one of the most controversial and ‘dragged through’¹⁸⁷⁶ in Poland’s *Sejm* since its passage in June 1993. The ‘universality’ or ‘massness’ of the program came from the idea that after the “people appear on the scene and exchange their Universal Share Certificate [stock voucher], which they received from the state, for shares in the NFI [National Investment Funds], then it will be no longer the state but the people, Polish citizens, who became the owners of the funds.”¹⁸⁷⁷ Mass Privatization included “three activities.”¹⁸⁷⁸ The first was the commercialization of state-owned enterprises, including large, medium and small-scale companies, and transforming them into joint stock companies.¹⁸⁷⁹ Second, the establishment of the NIFs (National Investment Funds), in which each fund “could enter into management contracts, including special remuneration provisions, with experienced and professional fund management.”¹⁸⁸⁰ The third activity was concerned with a registration fee, which was set at 10 percent of the average monthly salary.¹⁸⁸¹ Certificates would then “be available after one year of NIF operation, stocks of the funds, as

¹⁸⁷⁴ Ibid., 16.

¹⁸⁷⁵ Warsaw *POLITYKA*, “Mass Privatization Strategy for 1995 Presented.” FBIS-EEU-95-038. 27 February 1995. P: 50.

¹⁸⁷⁶ Ibid.

¹⁸⁷⁷ Ibid., 51.

¹⁸⁷⁸ J. Hunter, Jr., and Leo V. Ryan, C.S.V, *From Autarchy to Market: Polish Economics and Politics, 1945-1995* (Praeger: Westport, Connecticut London, 1998), 142.

¹⁸⁷⁹ Ibid.

¹⁸⁸⁰ Ibid., 143.

¹⁸⁸¹ Ibid.

well as certificates not converted into stocks, would be traded on the secondary market.”¹⁸⁸²

The table below presents the procedures and timetable for the program of Mass Privatization.

Table 6. 32: Timetable of Mass Privatization Program.¹⁸⁸³

Scheduled time	Plan
End of Third and Fourth quarter of 1993	- “Council of Ministers draws up the list of single-person State Treasury companies and state enterprises selected for participation in Mass Privatization program.” ¹⁸⁸⁴
First quarter of 1994	1. “Creation of National Investment Funds and Appointment of their Board members.” ¹⁸⁸⁵ 2. “National Investment Funds sign agreements with their administering companies.” ¹⁸⁸⁶
Second quarter of 1994	- “Company shares transferred to National Investment Funds.” ¹⁸⁸⁷
Third and Fourth quarter of 1994	- “Share certificates distributed.” ¹⁸⁸⁸
Second and Third quarter of 1995	- “National Investment Funds Shares announced at Stock Exchange.” ¹⁸⁸⁹ - Distribution of Shares certificate will be completed.
1996	- Public trading in NFI shares will be opened. - Exchange of Share Certificate for shares in the NFI.

¹⁸⁸² Ibid.

¹⁸⁸³ Adopted from Privatization program outline in *Gdansk GLOS WYBRZEZA*, “Privatization Official Outlines Plans.” FBIS-EEU-94-41. 2 March 1994. P: 25-26. And *Warsaw POLITYKA*, “Mass Privatization Strategy for 1995 Presented.” FBIS-EEU-95-038. 27 February 1995. P: 51.

¹⁸⁸⁴ *Gdansk GLOS WYBRZEZA*, “Privatization Official Outlines Plans.” FBIS-EEU-94-41. 2 March 1994. P: 26.

¹⁸⁸⁵ Ibid.

¹⁸⁸⁶ Ibid., 27.

¹⁸⁸⁷ Ibid.

¹⁸⁸⁸ Ibid.

¹⁸⁸⁹ Ibid.

In late 1994, there was a decrease in the privatization and re-privatization process. The state structure remained the dominant sector in Poland. The pace of privatization was slower than what was expected with different government coalitions. Since the formation of the government coalition of the Democratic Left Alliance (SLD) and the Polish Peasant Party (PSL), positive and negative changes had observed by different segments of the society. For example, according to a survey study conducted by Sopot Public Opinion Research Institute for *RZECZPOSPOLITA* in November 19-20, peasants observed positive changes in their lives, while employees in the public sector felt negative changes since the formation of this government. The table below summarizes the results of the survey.

Table 6.33: Public attitude toward SLD-PSL coalition government in 1994.¹⁸⁹⁰

Do you sense that any changes have taken place in your life since the PSL-SLD coalition took over power and the Pawlak government was formed?	
Positive changes	
No	71%
Yes	15%
Hard to tell	14%
Negative Changes	
No	51%
Yes	36%

¹⁸⁹⁰ *Warsaw RZECZPOSPOLITA*, Poll: Most Note No Changes Under New Government.” FBIS-EEU-94-234. 6 December 1994. P: 40.

Hard to tell	13%
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Not only SLD and the PSL suffered a decline in popularity, but also President Lech Wałęsa and Prime Minister Waldemar Pawlak also saw a drop in their popularity. The relations between the parliament, the government and the president were described as ‘complicating and conflicting’ in late 1994. The power struggle between President Lech Wałęsa and the head of the government, Waldemar Pawlak, had led to a lack of cooperation between the government and the president. According to SLD chairman, Aleksander Kwaśniewski “what Poland needs, above all, is clear lines between the presidency, the government, and the parliament, as things are at present, the president can block every law and the budget. A two-thirds majority is needed to lift his veto. What government in Europe today can muster such a majority in its national assembly?”¹⁸⁹¹ The political crisis was not the first since Poland’s transition to a democratic system (if democracy is defined by free and fair elections – a procedural definition of democracy). Political transition since mid-1989, which resulted in a massive victory for Solidarność, also led to the creation of tens of political parties and groups. In addition, the victory of leftist political parties in the *Sejm* and the Senate elections after only four years of transition and adoption of a market economy was a clear sign of the changing preferences and interests of voters.

The Polish political scene and voting preferences remained largely unpredictable. The table below shows the rate of popularity of both the President and the Prime Minister from January to October in 1994.

¹⁸⁹¹ *Oslo AFTENPOSTEN in Norwegian*, “Kwasniewski on Power Struggle, NATO Membership.” FBIS-EEU-95-013. 20 January 1995. P: 29.

Table 6.34: Popularity of President Lech Wałęsa and Prime Minister Waldemar Pawlak (Jan-Oct 1994).¹⁸⁹²

Do you approve of the way Lech Wałęsa is fulfilling his duties as president?		
	Jan	Oct
Yes	28 percent	14 percent
No	55 percent	71 percent
Do you approve of the way Waldemar Pawlak is performing his duties as prime minister?		
	Jan	Oct
Yes	38 percent	30 percent
No	27 percent	49 percent

The problem of no cooperation

According to Wałęsa, the major causes of the political conflict that erupted between the president and the government were that:

In democratic Poland two philosophies have clashed. On the one hand, there are those who claim that we have to work quietly behind closed doors in ministries and offices and then hold elections; on the other hand, there are those like me who believe that all problems giving rise to doubts and discussion should be brought to the fore before taking a vote. If we are discussing more than ever today, even in a passionate way, it will result in fewer corrections needing to be made tomorrow to a good political system.¹⁸⁹³

The Democratic Left Alliance (SLD) remained the leading political party in Poland in 1995, followed by the Freedom Union (UW). Despite fluctuations in voting preferences, the SLD still dominated political life in Poland. What was important in 1995 was that the UW came as the strongest opposition party after the SLD, a party that was formed when the

¹⁸⁹² *Warsaw RZECZPOSPOLITA*, "Poll: Popularity of Walesa, Pawlak Decreasing." FBIS-EEU-94-211. 1 November 1994. P: 16-17.

¹⁸⁹³ *Italy, Milan CORRIERE DELLA SERA*, "Walesa: I am Ready to Fight Against Anyone." FBIS-EEU-95-026. 8 February 1995. P: 15-16.

Democratic Union (UD) and the Liberal-Democratic Congress (KLD) joined together. According to a PBS poll conducted monthly for *RZECZPOSPOLITA* in December 1994, the younger generation tended to vote for UP political parties, while high school and university students were inclined to vote for UW.¹⁸⁹⁴ Moreover, one in four unemployed would vote for UP.¹⁸⁹⁵ Solidarność, on the other hand, was more popular with the oldest group and with skilled manual workers.¹⁸⁹⁶ Half of the farmers would vote for PSL. (See **Appendix 5** for details about voting preference with selected constituency groups in 1994).

The conflict between Wałęsa and Pawlak led a surge in speculation about Wałęsa's intentions to dissolve the *Sejm* and dismiss the Pawlak government. The popularity of Pawlak decreased while the popularity of Aleksander Kwaśniewski, Leader of the Democratic Left Alliance (SLD) was higher. The table below shows the results of a poll conducted by RUN in the period from 18 to 24 January 1995.

Table 6.35: Kwaśniewski vs. Pawlak popularity:¹⁸⁹⁷

Would Kwasniewski make a better prime minister than Pawlak?	
Yes	36 percent
No	30 percent
Difficult to say	33 percent

¹⁸⁹⁴ *Warsaw RZECZPOSPOLITA*, "Poll Confirms Popularity of SLD, PSL, UW." FBIS-EEU-95-016. 25 January 1995. P: 16.

¹⁸⁹⁵ *Ibid.*

¹⁸⁹⁶ *Ibid.*

¹⁸⁹⁷ *Warsaw ZYCIE WARZAWY*, "Kwasniewski Preferred to Pawlak for Prime." FBIS-EEU-95-025. 7 February 1995. P: 23.

To resolve the political crisis of lack of cooperation between the government, the president and the parliament, the SLD asked Prime Minister Pawlak to stand down to avoid the dissolution of the *Sejm*. The coalition parties proposed three solutions during their meeting in February 7 to overcome the political stalemate in Poland. The first solution was to entrust the post of Deputy Prime Minister to Aleksander Kwaśniewski (SLD). The second solution was to replace Pawlak (PSL) with Josef Oleksy (SLD). The final solution proposed was that a new coalition government would be created and headed by the SLD leader. In the end, the SLD decided to entrust *Sejm* Speaker Jozef Oleksy (SLD) as premier on condition that a PSL member, Jozef Zych, replaced him as *Sejm* speaker.¹⁸⁹⁸ President Wałęsa approved the selection of Jozef Oleksy as a replacement for Waldmear Pawlak to end the increasing political instability that was affecting the process of economic and political transition and had slowed down the process of privatization and the approval of the small constitution still pending.

The coalition between SLD and PSL agreed a political and economic agenda that was passed by the *Sejm* in June 1994 under the title “The Strategy for Poland.”¹⁸⁹⁹ The program presented three major concepts and priorities for the coalition government: 1) the need for accelerated and sustainable economic growth; 2) stabilization of the macroeconomic system

¹⁸⁹⁸ In their statement, the SLD stated: “the SLD leadership, being aware of the necessity to urgently solve the political conflict, and the need to solve economic and social problems in an active and efficient way, as well as making the coalition work more effective, accepts the proposal by the PSL to appoint Jozef Oleksy chairman of the Council of Ministers. The SLD leadership also believes it is necessary, in forming the new PSL-SLD government, to ensure a coherent government program, as well as professionalism and proper cooperation between the coalition partners. The SLD leadership hopes that the PSL will fully share the principles of forming the new government.” Source: Warsaw Third Program Radio network, “SLD Statement on Oleksy for Prime Minister.” FBIS-EEU-95-026. 8 February 1995. P: 15.

¹⁸⁹⁹ To see the full “Strategy for Poland” program, read FBIS report under *Warsaw TRYBUNA*, “Text of 1995 PSL-SLD Coalition Agreement.” FBIS-EEU-95-040. 1 March 1995. P: 34-40.

and the political situation; 3) and the improvement of living standards.¹⁹⁰⁰ This strategy became the cornerstone for the coming government and would cover the years up to 2000. 1995 was regarded as a successful year for the Polish economy, which witnessed an increase of 7 percent in GDP.¹⁹⁰¹

By mid-1995, and with upcoming presidential election, the popularity of President Lech Wałęsa waned with an increase popularity of one of the famous members of *KOR*, Jacek Kuroń who was ranked higher than Lech Wałęsa for 1995 presidential candidate. In addition, the coalition government between the SLD and PSL still enjoyed support from many voters, in particular the leader of the SLD who had been on top of the presidential rankings since 1994. The table below presents the ranking of top politicians according to a poll conducted by OBOP (Center for Research in Public Opinion).

Table 6. 36: Presidential candidates popularity from October 1994 to April 1995.¹⁹⁰²

Whom would you most readily support in the presidential election? (in percent)		
Presidential candidate	October 1994	April 1995
Aleksander Kwaśniewski	16	18
Jacek Kuroń	6	14
Adam Strzembosz	3	11
Tadeusz Zielinski	9	11

¹⁹⁰⁰ *Warsaw TRYBUNA*, "Text of 1995 PSL-SLD Coalition Agreement." FBIS-EEU-95-040. 1 March 1995. P: 34.

¹⁹⁰¹ Richard J. Hunter, Jr., and Leo V. Ryan, C.S.V, *From Autarchy to Market: Polish Economics and Politics, 1945-1995* (Praeger: Westport, Connecticut London, 1998), 166.

¹⁹⁰² *Warsaw RZECZPOSPOLITA*, "SLD's Kwasniewski Leading." FBIS-EEU-95-096. 11 April 1995. P: 13-14. The poll of October 1994, was conducted by CBOS (the Public Opinion Research Center) and was compared with the OPOB poll conducted in April (1- 4) 1995.

Jozef Oleksy	3	9
Lech Wałęsa	10	7

The results of the poll show that the popularity of President Lech Wałęsa had declined significantly. One possible reason for this decline was the political crisis that led to political instability and to the creation of different governments, from one with a liberal orientation to one of the left. The strongest opposition in the *Sejm* became the Freedom Union (UW) which gained political ground. In their second national congress, a new leader was elected for the party - Leszek Balcerowicz, former Deputy Prime Minister and the Minister of Finance, replacing Tadeusz Mazowiecki, former Prime Minister, in 1989. With the election of Leszek Balcerowicz as leader of the opposition party, liberals began to regain the political power they had lost after the last *Sejm* and Senate elections which the post-Communist parties had won. Balcerowicz confirmed the major program of the Freedom Union Party would be as the following: “we must finalize privatization, combat high inflation, protect the stability of our currency, develop self-government, and curb the state’s influence on the economy. Given a clear distribution of power, the political system should be based on several parties with very good programs.”¹⁹⁰³

Balcerowicz, head of the Freedom Union Party, said it bluntly how important politics were for the reconstruction of contemporary Poland: “in Poland a lot still depends on politics and politicians, so one cannot be indifferent to politics; it is worthwhile to give something up, not to regret after a couple of years that we passed up a big opportunity.”¹⁹⁰⁴ Balcerowicz had

¹⁹⁰³ *Warsaw GAZETA WYBORCZA*, “Freedom Union Head on Party Program.” FBIS-EEU-95-089. 9 May 1995. P: 53.

¹⁹⁰⁴ *Warsaw NOWA EUROPA* (Knoiec Tygodnia supplement), “Freedom Union Head on Bloc Formation, Walesa.” FBIS-EEU-95-240. 14 December 1995. P: 36.

adopted a practical attitude toward adversary parties, asserting that the party was open to dialogue and partnership with other parties. He criticized the Pawlak government for slowing the process of privatization and urged Prime Minister Oleksy to accelerate the process that started when he initiated a shock therapy to Poland's economy as the only option available to Poland out of economic bankruptcy, as he stated several times on different occasions.

The march toward political democracy and a market economy faced several obstacles because of political and economic uncertainty. Support for democracy since the political transition that started after the partial democratic elections for the *Sejm* and the Senate in 1989 had created new rules for the game. Public support for democracy was a crucial part in the process of consolidation. As shown in this chapter, several political parties and groups emerged after the collapse of Communist rule in Poland.

Preferences and interest formation during a period of transition take longer, in particular with a country that needs to revive its civil society. Politicians since 1989 had insisted on the need to create a Western style democratic and capitalist system that would allow Poland to catch up and integrate with Western Europe. A poll conducted by CBOS (Public Opinion Research Center) on May 5 and May 10 1995, showed that the majority of Poles saw democracy as a superior system to other political systems, however, they were not satisfied with the way that democracy was functioning due to repeated political crisis. The table below presents the results of CBOS, in comparison with polls conducted in 1992 and 1993.

Table 6.37: CBOS: Poles on Democracy.¹⁹⁰⁵

Democracy is a superior system as compared with others:	
Nov 92	52 percent
Jun 93	62 percent
May 95	67 percent
Nondemocratic forms of government maybe called for at times:	
Nov 92	36 percent
Jun 93	45 Percent
May 95	47 percent

In the heated presidential campaign between several candidates from different political and economic orientations, three stand out - President Lech Wałęsa, Jacek Kuron and Aleksander Kwaśniewski. It was no surprise that Kwaśniewski leader of the Democratic Left Alliance (SLD) won the elections with several polls confirming his popularity prior to the election. The political scene was intense, and the issue of security files arose again. This time, the Minister of Interior affair accused the Prime Minister, Jozef Oleksy, of links with the “postcommunist oligarchy.”¹⁹⁰⁶ This highly unstable political climate forced Prime Minister Oleksy to resign in mid-January 1996 and led to the formation of a new government led by Włodzimierz Cimoszewicz. The so-called ‘Oleksy case,’ which attracted media coverage

¹⁹⁰⁵ *Warsaw ZYCIE WARZAWY*, “Public Support for Democratic System Grows.” FBIS-EEU-95-116. 16 June 1995. P: 30-31.

¹⁹⁰⁶ *Warsaw Third Program Radio*, “Olesky ‘Analyzing’ Walesa Remarks.” FBIS-EEU-95-240. 14 December 1995. P: 34. A commission was founded to investigate what was called “Oleksy affair” amid intense media leaks and speculations. In April, the commission concluded that charges against former Prime Minister Jozef Oleksy were unfounded, *The Economist Intelligence Unit*, Poland Report, 2nd quarter 1996, page 8. To see the full picture of this accusation and the amount of media coverage of this issue, see FBIS reports from the period of December 1995 until April 1996.

and attacks, ended in April 1996 with unfounded evidence against former Prime Minister, Jozef Oleksy.¹⁹⁰⁷

The presidential election in November 1995 led to victory for Aleksander Kwaśniewski with 9,704,439 votes, equal to 51.72 percent of the total votes, while Lech Wałęsa received 9,058,439 votes, equal 48.28 percent of the votes.¹⁹⁰⁸ The coalition of the SLD and the PSL continued to work after the announcement of the elections results, while Wałęsa announced that he would not cooperate with the new government.¹⁹⁰⁹ By now post-Communist occupied powerful political position in Poland after only four years of transition in Presidency office and in the *Sejm* and the Senate. In an article written by Roger Boyes, with the title, *A New Truce with Old Communist*, Boyes stated that the reason for the Left's return to power in Central Europe "is not the apparent rise of the left, but the absence of a political Centre. Party organizations have to be developed, intelligently advised."¹⁹¹⁰ For him, the party system was still under-developed in East Central Europe, compared with fully organized and structured

¹⁹⁰⁷ Oleksy after the case against him closed said: "I am leaving. I am innocent. This is what I said when I submitted my resignation as head of the government. Today and forever again I will say the same thing. Justice has prevailed. I regard the military prosecutor's decision as the end of the most difficult period of my life... we all remember the bad style of Lech Walesa's departure. The atmosphere of those days must be recalled to understand well the reasons for the actions taken against me and the force of political aggression whose victim I became. In fact, the author of the so-called Oleksy case did not conceal that they were eager to destroy the entire Left and that they were planning to do that." Source: *Warsaw Polskie Radio First Program*, "Poland: Oleksy Statement on Ending of Investigation." FBIS-EEU-96-080. 24 April 1996. P: 36. To see Oleksy full statement see: *Warsaw Polskie Radio First Program*, "Poland: Oleksy Statement on Ending of Investigation." FBIS-EEU-96-080. 24 April 1996. P: 36-37. The decision itself attracted both supporters and opponents from different political parties and groups. At the same time, the SdRP issued a statement in regard to the decision by the military prosecutor to end the investigation upon unfounded accusations against Oleksy. To see their full statement refer to *Warsaw GAZETA WYBORCZA*, "Poland: SdRP Statement on Outcome of Oleksy Case." FBIS-EEU-96-082. 26 April 1996. P: 48-49. To see also opposition statement, the Freedom Union Party statement, see *Warsaw GAZETA WYBORCZA*, "Poland: Freedom Union Statement on Outcome of Oleksy Case." FBIS-EEU-96-083. 29 April 1996. P: 47.

¹⁹⁰⁸ *Warsaw Polskie Radio First Program*, "Kwasniewski Officially Declared Winner." FBIS-EEU-95-224. 21 November 1995. P: 47.

¹⁹⁰⁹ *Warsaw Polskie Radio First Program*, "SLD-PSL Coalition Continues to Function." FBIS-EEU-95-224. 21 November 1995. P: 55.

¹⁹¹⁰ London *The Times*, "Poles Cautious About New President." FBIS-EEU-95-224. 21 November 1995. P: 56.

Communist parties. Another report described the return of former communists to power as a trend in Central Europe for a list of reasons and factors, among them:¹⁹¹¹

1. The impact of economic reform on public.
2. “The lack of experience of the post-Solidarity elites, which failed to create powerful political parties after having taken power and carry out important reforms.”¹⁹¹²
3. Division within Solidarność and personal ambitious of Lech Wałęsa and that Wałęsa made two major mistakes - “he insisted on running in the 1990 elections despite protests from Solidarity, and he called parliamentary elections in 1993.”¹⁹¹³
4. Former communists were more structurally organized and had a positive attitude toward Western countries, in particular toward the EU and the NATO.

In December 1995, after two rounds of presidential elections, Kwaśniewski became the first post-Communist leader to win an election. Kwaśniewski’s victory invited criticism and skepticism, with the fear that Poland would return to the monopoly of one party by democratic means, as pointed out by Bronisław Geremek, the chairman of the Polish *Sejm* Affairs Committee.¹⁹¹⁴

Right after the declaration of election results, followers of Lech Wałęsa challenged the results in the Constitutional tribunal on the basis of ‘irregularities.’ On December 23, Kwaśniewski was sworn in as president. Wałęsa refused to attend the ceremony and also

¹⁹¹¹ *Warsaw GAZETA WYBORCZA*, “Confidential Analysis on Postcommunists in Power.” FBIS-EEU-95-229. 29 November 1995. P: 54-55.

¹⁹¹² *Ibid.*, 55.

¹⁹¹³ *Ibid.*

¹⁹¹⁴ In an interview by Pol Mathil in Warsaw in *Brussle LE SOIR* in French translated by FBIS, as all reports regarding Poland affairs. *Brussle LE SOIR*, “Geremek on Elections, NATO, Previews Duma Vote.” FBIS-EEU-95-241. 15 December 1995. P: 29-30.

refused to hand in the presidential insignia which he received from the last government in exile (Ryszard Kaczorowski, the last polish president in exile in London).¹⁹¹⁵

The Democratic Left Alliance (SLD) occupied the top of the ranking list in regard to political parties in 1996. According to several polls, among them CBOS, the party was supported by 26 percent; while Solidarność scored 15 percent; and UW and PSL occupied third position with 10 percent each.¹⁹¹⁶ In another poll conducted by CBOS about public perceptions of Aleksander Kwaśniewski, the majority of respondents believed that Kwaśniewski would be good as a president. The table below presents the results of the CBOS poll.

Table 6.38: Public attitudes towards Aleksander Kwaśniewski's presidency by CBOS:¹⁹¹⁷

What will the president be like? (in percent)	
Good	55
Bad	13
Difficult to Say	32

A New *Open Letter* published on 'state crisis'

The rise of the left in Central Europe was challenged and confronted by opposition movements. In Poland, the political climate was very intense with accusations, from both sides, of espionage and blackmail. The political situation impelled Jacek Kuroń and Karol

¹⁹¹⁵ *Warsaw Polskie Radio First Program*, "Walesa Refuses to Hand Insignia to Kwasniewski." FBIS-EEU-95-224. 21 November 1995. P: 53.

¹⁹¹⁶ *Warsaw GAZETA SWIATECZNA*, "Poland: Two Polls Show SLD First, Solidarity Second." FBIS-EEU-96-030. 13 February 1996. P: 60-61.

¹⁹¹⁷ *Warsaw GAZETA WYBORCZA*, "Majority: Kwasniewski Will Be Good President." FBIS-EEU-95-240. 14 December 1995. P: 35.

Modzelewski to publish their second letter entitled *Open Letter to Political Parties*¹⁹¹⁸ published in *GAZETA WYBORCZA*, No.18 (see Chapter 3 and 4 for their first *Open Letter to the Party*). As in their first letter, Kuroń and Modzelewski diagnosed Poland's present political crisis [in1996] and presented a solution to overcome it. They wrote:¹⁹¹⁹

The current crisis is destroying the ties between the citizens and the state, and no intelligence secrets are more important than solving this crisis. We think the escalation of the "war at the top" which the country is being drawn into should be brought to a stop. Poles must not be forced to choose between extremes: either red or black. Breaking off with the logics of war requires a restructuring of the political scene- on which the current polarization is causing the center to disappear.

We are appealing to political parties, Polish democratic communities and authorities, and in particular to citizens who are distributed by the current state crisis to work out an agreement which would allow the restoration of equilibrium in our public life. We believe such an agreement should be markedly different from two sides of the conflict which is tearing Poland apart: it should be in opposition to the communists, yet equally distant from the bellicose anticommunists.

Such is the need of the moment. Neither democracy nor independence can be taken for granted. Sometimes we have to defend the sovereign and democratic Polish state from the growing hostility between Poles.¹⁹²⁰

The letter led to intense criticism of Kuroń and Modzelewski. It outraged the UW (Freedom Union) leaders because it was perceived as defending SLD. Leaders of leftist parties, such as the SdRP, responded to the letter, stating that Kuroń and Modzelewski had exaggerated the situation in Poland, and argued that "the state and its institutions are functioning normally. The economy is growing, inflation is falling, and the number of jobs is growing,"¹⁹²¹ and "there is no state crisis; there is a political struggle."¹⁹²² Security became a

¹⁹¹⁸ *Warsaw GAZETA WYBORCZA*, "Kuron, Modzelewski Letter on State Crisis." FBIS-EEU-96-016. 24 January 1996. P: 55-59.

¹⁹¹⁹ To review the full letter, see *Warsaw GAZETA WYBORCZA*, "Kuron, Modzelewski Letter on State Crisis." FBIS-EEU-96-016. 24 January 1996. P: 55-59.

¹⁹²⁰ *Ibid.*, 58.

¹⁹²¹ *Warsaw GAZETA WYBORCZA*, "Poland: SdRP Leaders Respond to 'Open Letter.'" FBIS-EEU-96-035. 21 February 1996. P: 52.

¹⁹²² *Ibid.* They added "the political elites that took power after 1989 assumed that the formation represented by us would remain for a long time a pariah in Polish political life. The succession of

major concern in Poland after several attacks against public officials and journalists, **Appendix 8** shows that the number of attacks against public officials had increased since 1989.

Kwaśniewski asserted that the process of economic and institutional reconstruction would continue. Consolidation of economic growth, improvement of social security and active privatization would remain the major goals of the government program. A new government was formed in February 1996 with the same coalition SLD-PSL coalition headed by Włodzimierz Cimoszewicz (SLD). The following table presents Cimoszewicz's government.

Table 6.39: The government of Włodzimierz Cimoszewicz in February 1996:¹⁹²³

Name	Party affiliation	Government position
Grzegorz Kolodko	Indp	Deputy Prime Minister and the Minister of Finance
Mirosław Petrewicz	PSL	Deputy Prime Minister and Minister of Planning
Roman Jagielinski	PSL	Deputy Prime Minister and the Minister of Agriculture
Leszek Miller	SLD	Cabinet Chief of Staff
Andrzej Zielinski	PSL	Minister of Communication
Zdzisław Podkański	PSL	Minister of Culture

democratic elections has been damaging to that view. The victory of Aleksander Kwaśniewski has revealed the real geography of social support. After each success of the left, there were attempts to discredit the democratic verdict of the Polish People. An extraordinary intensification of that line, preceded by warnings about 'broken spines' and 'damaged jaws,' are being experienced now." Ibid.

¹⁹²³ The Economist Intelligence Unit (EIU): Poland Report, No. 1, 1996, P: 2. To see full biography of Cimoszewicz government, see *Warsaw GAZETA WYBORCZA*, "Poland: New Cabinet Members Profiled." FBIS-EEU-96-028. 9 February 1996. P: 43-45. For details about government program see *Warsaw Polskie Radio First Program*, "Poland: Prime Minister Cimoszewicz's Address to Sejm." FBIS-EEU-96-032. 15 February 1996. P: 41-50.

Stanislaw Dobrzanski	PSL	Minister of Defense
Jerzy Wiatr	SLD	Minister of Education
Stanislaw Zelichowski	PSL	Minister of Environment
Dariusz Rosati	Indp	Minister of Foreign Affairs
Jacek Buchacz	PSL	Minister of Foreign Trade
Jacek Zochowski	SLD	Minster of Health and Social Services
Barbara Blida	SLD	Minister of Housing
Klemens Scierski	PSL	Minister of Industry
Zbigniew Siematkowski	SLD	Minister of Interior Affairs
Leszek Kubicki	Indp	Minister of Justice
Andrzej Baczkowski	Indp	Minister of Labor and Social Policy
Wieslaw Kaczmarek	SLD	Minister of Privatization
Alksander Luczak	PSL	Scientific Research Committee
Boguslaw Liberadzki	Indp	Minister of Transportation

Prime Minister Cimoszewicz declared that his government would continue with what previous cabinets started. Keeping an eye on its membership to the European Union (EU), Poland began amending several economic, political and social laws to conform with EU regulations. In terms of economic growth, Poland witnessed an increase in its real GDP, maintaining economic growth of 6.5 percent¹⁹²⁴ compared with 5.2 percent in 1994.¹⁹²⁵ The inflation rate was also ‘surprisingly lower’ than government projection for 1995, with an

¹⁹²⁴ *Warsaw PAP*, “Oleksy Reviews Government Achievements in 1995.” FBIS-EEU-95-250. 29 December 1995. P: 46.

¹⁹²⁵ The Economist Intelligence Unit Poland Report 1996, No. 1, P: 5.

inflation rate of 21.6 percent that was lower than the rate in 1994 by around 7.9 percent.¹⁹²⁶

The issue of pensions continued to dominate government discussion. In general, the economic situation by the end of 1995 was improving compared with the first five years of economic and political transition. In the words of the Deputy Prime Minister and the Minister of Finance, Poland is “only a few steps away” from the circle of the richest countries of the world that are grouped in the OECD.”¹⁹²⁷ Poland was also engaging in the process of joining the OECD by July 1996. Another amendment was proposed by the government to re-establish the *powiats* (small administrative units) in the government program for administration decentralization.¹⁹²⁸

By the end of December 1995, there were a total of 3,465 privatized state-owned companies.¹⁹²⁹ A popular privatization method was leasing by employees.¹⁹³⁰ Another popular method of ownership transformation was liquidation for economic purpose, in particular for companies with poor economic performance. Among the regions which made major progress with privatization were: Przemysl (59.2 percent), Olsztyn (55.7 percent); and Czestochowa (52.9 percent).¹⁹³¹ The table below presents the progress made in ownership transformation by the end of December 1995.

¹⁹²⁶ *Warsaw PAP*, “Walesa Begins Work at Solidarity Headquarters.” FBIS-EEU-96-010. 16 January 1996. P: 76.

¹⁹²⁷ *Warsaw GAZETA WYBORCZA*, “Poland: Finance Minister Views 1995 Budget.” FBIS-EEU-96-013. 19 January 1996. P: 60.

¹⁹²⁸ *Warsaw RZECZPOSPOLITA*, “Poland: Joint Commission Backs Powiats.” FBIS-EEU-96-110. 6 June 1996. P: 61.

¹⁹²⁹ *Warsaw NOWA EUROPA*, “Poland: Privatization Results in 1995 Outlined.” FBIS-EEU-96-045. 6 March 1996. P: 42.

¹⁹³⁰ *Ibid.*

¹⁹³¹ *Ibid.*

Table 6.40: State-owned companies in process of ownership transformation till December 1995.¹⁹³²

Process	Number of Companies	Percent %
Liquidation	1,358	39.2
Privatization	1,149	33.2
Transformation into single-proprietor Treasury-owned companies	958	27.6

As discussed in this chapter, politics played a crucial role in the transition period. When Balcerowicz decided to apply ‘shock therapy’ in January 1990 to Poland’s failing economy, the results were unexpected. The economy recovered in three years and the Polish economy, in the words of Finance Minister and Deputy Prime Minister, Grzegorz Kolodko, became “one of the most dynamic in the world. The pace of economic growth was record-breaking, inflation was falling, [and] unemployment was dropping.”¹⁹³³ But, political instability and uncertainty led to several reshuffles of the government and a slow-down in the process of market reform.

President Kwaśniewski selected professor Marek Belka¹⁹³⁴ (who would become the president of Poland’s National Bank) as his economic advisor in January 1996. Several economists turned down Kwasniewski’s offer to hold this position, among them Leszek Balcerowicz, Witold Trzeciakowski, and Janusz Beksiak.¹⁹³⁵ Kolodko continued with his economic program and expected it to cover the years up to 2000. Stressing the need to link

¹⁹³² Ibid., 43.

¹⁹³³ *Poznan GLOS WIELKOPOLSKI*, “Poland: Kolodko Interviewed on Economic Policies.” FBIS-EEU-96-047. 8 March 1996. P: 45.

¹⁹³⁴ Professor Marek Belka is the head of Economic Studies at the Polish Academy of Sciences; a member of the Social and Economic Strategies Council. Belka is an expert in “modern economic theories.” *Warsaw GAZETA WYBORCZA*, “Presidential Economic Adviser Appointed.” FBIS-EEU-96-010. 16 January 1996. P: 69.

¹⁹³⁵ *Warsaw GAZETA WYBORCZA*, “Presidential Economic Adviser Appointed.” FBIS-EEU-96-010. 16 January 1996. P: 69.

taxes with saving, capital accumulation and investment, he said that the *Package of 2000* would lead to economic development.¹⁹³⁶ The government continued with its inflation reduction policies and maintained a high rate of economic growth of about 5.5 percent on average per year, according to Kolodko.¹⁹³⁷ The government accepted the economic program, *Package of 2000*, in April 1996, which would lead to Poland's entry to full EU membership.¹⁹³⁸ The government also made a decision to shut down Gdansk Shipyard, the birthplace of Solidarność, which incited Solidarność members to stage a protest against this decision.

The privatization process in 1996 was slower than in previous years, with a total of 26 companies privatized, similar to 1992 when 24 companies were privatized. 48 companies were privatized in 1993, compared with 35 in 1994.¹⁹³⁹ Projected capital privatization under the "Directions of Privatization in 1996" fell short, with only a small number of companies privatized in 1996. The government had estimated that 90 companies would be privatized under the "Directions of Privatization," however, by mid-1996, the process still lagged behind.¹⁹⁴⁰

By mid-July 1996, with approaching parliamentary elections, several polls still showed that the SLD was ahead in voting preferences, but also showed an increase in

¹⁹³⁶ In an interview with Grzegorz Kolodko by Radoslaw Stankiewicz, date and place not given, Kolodko stated that the most important components of this strategy are "macroeconomic stabilization and functioning of the tax system." *Poznan GLOS WIELKOPOLSKI*, "Poland: Kolodko Interviewed on Economic Policies." FBIS-EEU-96-047. 8 March 1996. P: 45.

¹⁹³⁷ *Warsaw Radio Zet Network*, "Poland: Kolodko Outlines Economic Development Plan." FBIS-EEU-96-021. 31 January 1996. P: 43-44.

¹⁹³⁸ Poland gained full membership to the European Union in 2004.

¹⁹³⁹ *Warsaw RZECZPOSPOLITA*, "Poland: Achievements, Future of Privatization Viewed." FBIS-EEU-96-120. 20 June 1996. P: 50.

¹⁹⁴⁰ *Warsaw NOWA EUROPA*, "Poland: 1996 Privatization Results, Plans Detailed." FBIS-EEU-96-151. 5 August 1996. P: 44-45.

Solidarność's popularity.¹⁹⁴¹ Poland went through several political and economic crises that shaped its economic and political reform since the collapse of state socialism in 1989-1990. Polish economy had proven to be the fast growing one in East Central Europe. In addition, in the face of global economic crisis in 2008, Poland economy was the least impacted country in East Central Europe.

Poland in 2015

To say that Poland consolidated democracy is an exaggeration, since the concept 'consolidation' is hard to define and measure precisely. New government coalitions emerged throughout the years. The two party coalition of the centre-right Civic Platform (PO) and the Polish Peasant Party (PSL) has remained in power since October 2011. The opposition during this time has been the conservative Law and Justice (PiS) party; the post-Communist Democratic Left Alliance (SLD); and the left-liberal Palikot's Movement (RP). Recent presidential elections on May 24, 2015 resulted in victory for Andrzej Duda (PiS) in the second round of the presidential election (scoring 51.5 percent), while former President, Bronislaw Komorowski (elected in July 2010), received 48.5 percent.¹⁹⁴² The political scene witnessed a new shift. Poland's political life has been full of political turning points and events, proving that change is an unlimited and timeless process in world politics. To understand current events and shifts one has to go back a few decades to trace the political, social, and economic roots and causes for it. The election of October 2015 was another new

¹⁹⁴¹ To see the full details, return to *Warsaw GAZETA WYBORCZA*, "Poland: Big Differences in Major Parties' Poll Rating." FBIS-EEU-96-131. 8 July 1996. P: 74-75.

¹⁹⁴² The Economist Intelligence Unit: Country Report Poland, May 2015: editor: Richard Grieseson, Page 2. The elections for the *Sejm* and the Senate were held in October 25, 2015.

turning point with the defeat of the PO and the rise of PiS after the victory of the party in the parliamentary and presidential elections. The election led to the victory of Law and Justice (PiS) with 235 seats out of 460 seats; while Civic Platform (PO) won 138 seats; the Pavel Kukiz movement won 42 seats; and the liberal Modern Party won 28 seats. The main loser in these elections was the Civic Platform that dominated the political scene for the last eight years. Further research is needed to understand this change in voting behavior with particular attention to the internal and external factors and to the ideas of major actors in the decision-making circles during times of crisis and uncertainty.

Summary

The purpose of this chapter was to cover the period from mid-1989 till 1996 with an in-depth analysis of the major economic and political events that took place. In doing so, historical events and data from FBIS translated daily reports reported in that period of time were reconstructed. Facts and data included in FBIS reports (which is a translation from Polish newspapers, T.V, Radio interview, etc) were checked with what was reported in books and articles. The chapter looked at one of the critical juncture in Poland's history, the political transition after June elections in 1989. After the elections of June 1989, Solidarność arose to political power which was a turning moment that led to drastic institutional changes. The chapter also traced how liberals, advocating capitalism and a free-market economy since early 1980s, came to occupy a powerful political position in the first non-Communist government.

1989, was an exceptional year in the history of Poland. In this chapter, I discussed the elections of June 4 and 18, which signaled a critical juncture in Poland in 1989. A new political reality emerged after the parliamentary elections of 1989. Internal and external

factors contributed to the collapse of Communist hegemony and to Poland's transition to democracy and capitalism. This chapter argues that political transition was composed of different factors which created an opportunity for liberals to occupy a powerful position in the Mazowiecki government and to direct Poland's transition to capitalist market economy. One can argue that it was Balcerowicz's selection as Finance Minister that resulted in Poland's adoption of 'shock therapy' instead of a more gradual approach to the adoption of a market economy. Balcerowicz believed that Poland's economic situation required radical economic reform. He also believed, and stated several times, that political freedom was not possible without private ownership and that democracy could not exist without ownership transformation.

When the communist government failed to handle the economic, social and political challenges, it sought assistance from Solidarność. General Jaruzelski announced his readiness to start negotiations with the Solidarność opposition. During two months of 'roundtable' talks the government and Solidarność decided to reinstitute the office of President and the Senate. To this end, an agreement was reached that all seats for the Senate would be open, and that 35 percent of the seats for the *Sejm* would be open for competition. The elections for the *Sejm* and the Senate led to a massive victory for Solidarność and proved that the Communist Party had lost its legitimacy and the trust of the society. Political changes accelerated with a call from one of the leading Solidarność activists, Adam Michnik, for a government headed by a Solidarność leader. In addition, changes in alliances occurred when Lech Wałęsa proposed a tripartite coalition with the Peasant Party and the Democratic Party. President Jaruzelski asked Tadeusz Mazowiecki to head the government and to form a coalition government of major parties. Mazowiecki, the first non-PZPR Prime Minister since World War II, was faced with

an economy on the verge of collapse. During this time, the market economy emerged as the only option for Poland to get out of its economic crisis. Even before, the elections of 1989, the government was already undertaking drastic liberalization and marketization measures that can be described as steps toward market economy, but in a slower pace. According to Jeffery Sachs, Poland's experiment with market socialism reforms, which were introduced by the Polish government in the early 1980s, failed because of "the timidity of the reforms; the power of the *nomenklatura* to avoid a real opening of the economy to international competition, and even the introduction of domestic competition; the political illegitimacy of the regime; and the corruption and arrogance of the Communist Party."¹⁹⁴³ The Mazowiecki government inherited an economy suffering from consumer shortages, foreign debt and high inflation. At the same time, the new government enjoyed wide public support and trust that enabled it to introduce radical reforms with massive approval from the society. Mazowiecki looked for economists to help his government with the hyperinflation and goods shortage, and asked Leszek Balcerowicz, who had been engaged with Poland's economic situation for long period of time. Balcerowicz and his economic team had already developed an economic reform plan when he established his 'think tank' in 1978.¹⁹⁴⁴ This group of young economists was known as the "Balcerowicz Group"¹⁹⁴⁵ in the 1980s, and "their ideas for economic reform had been discussed and debated over the years. They were prepared to act boldly and decisively."¹⁹⁴⁶ This group of liberal economists came to Mazowiecki's government and "not only discussed and debated issues related to economic reform, but they were also armed with

¹⁹⁴³ Quoted in Richard J. Hunter, Jr., and Leo V. Ryan, C.S.V, *From Autarchy to Market: Polish Economics and Politics, 1945-1995* (Praeger: Westport, Connecticut London, 1998), 74.

¹⁹⁴⁴ Hunter and Ryan 1998: 76.

¹⁹⁴⁵ Ibid.

¹⁹⁴⁶ Ibid.

specific proposals for that reform,”¹⁹⁴⁷ as mentioned before in this chapter. Balcerowicz and his team came at a time characterized by political and economic uncertainty, which gave them an opportunity to occupy a powerful position in the Mazowiecki government, and opened the door for liberals to implement their radical economic reform plan. Balcerowicz believed in the efficacy of a market economy, saying in December 1989 in *Warsaw Polityka*: “the solution of a self-managing market economy was doubtless more efficient than the old model [centrally planned economy], though we did realize even then that it was inferior to that of a privatized market economy. This is why today, when at last we have the freedom of choice, we are reaching for models that have been empirically and historically tried, tested, and proven—that is, to the West European model of market economy.”¹⁹⁴⁸

The IMF and World Bank advisors played an important role as consultants to Balcerowicz’s team and provided support to the Balcerowicz Plan. The Balcerowicz Team set the first of January as the starting day for their ‘shock therapy.’ They proposed a two-phase plan. The first phase involved a ‘stabilization program’ to curb inflation, and microeconomic liberalization; and the second phase involved restructuring and transformation of ownership (privatization of the economy).

After the commencement of the Balcerowicz program in January 1990, social trust and confidence in the Mazowiecki government remained strong. However, things had changed by the middle of the year. Several workers strikes had erupted in different sectors of the economy. During the stabilization phase stage, the government succeeded in reducing hyperinflation and balancing the budget, and most importantly, they eliminated the goods shortage. However, on the negative side, unemployment increased month after month.

¹⁹⁴⁷ Ibid., 77.

¹⁹⁴⁸ *Warsaw POLITYKA*, “Finance Minister Comments on ‘Balcerowicz Program.’” FBIS-EEU-90-008. 11 January 1990. P: 65.

Balcerowicz said that the situation in the seventies was different from the situation after Solidarność came to power in August 1989:

When I was working in 1978, labor-managed enterprises were the best solution because of geopolitical constraints. I would go for privatization full steam if not for the existence of the Soviet Union. But once Poland became free, I was absolutely determined that we cannot adopt, we should not adopt second-best solutions once first-best solutions are developed. So one of the problems I had to face was a fight about privatization. There were people coming from the States, too, leftist intellectuals who came here and preached the superiority of AESOPs [All Employee Share Ownership Plan], which was a marginal solution in the States, but they wanted us to adopt this as a main solution.¹⁹⁴⁹

In another interview, Balcerowicz asserted that Poland had to choose between risk and hopelessness, between economic bankruptcy and economic restructuring. Solidarność, which was established as a trade union in 1980, and developed to become one of the strongest social movements in East Central Europe with ten millions members, faced an identity crisis after the collapse of its former enemy, the Communist Party. Prior to Solidarność's victory in the *Sejm* and the Senate, it was a unified movement that embraced different political and economic orientations and ideologies. However, divisions emerged after its victory, and Solidarność became consumed over its search for a new political and social identity.

Solidarność, represented in the parliament by the Parliament Citizens' Committee, was a pluralist movement. However, disputes within the Citizens' Committee (OKP) led to a split of Solidarność into two different political orientations. Two political groups emerged from the parliamentary group. The first was the "Center Agreement" which advocated a center-right attitude. The second group was the "Movement of Democratic Action" ROAD. Both groups emerged after an intense conflict surrounding the legacy of Solidarność in 1990, and on the

¹⁹⁴⁹ http://www.pbs.org/wgbh/commandingheights/shared/minitext/int_leszekbalcerowicz.html#top .An interview by PBS with Leszek Balcerowicz conducted in 2000, under the title "Commanding Heights," P: 24. To see the full interview go to their website www.pbs.org .

right to use Solidarność's logo. Poland's transition to democracy and capitalism was part of its larger goal of catching up with the rest of Western Europe and of the integration of Poland into the EC: "Poland does not want money from Western Europe but expects the drawing of an idea of a united Europe and a plan which would permit Poland to fit the European structures,"¹⁹⁵⁰ said President Lech Wałęsa in 1993. Solidarność's first government decided to pursue a practical solution to the economic crisis and opted to deviate from self-management toward an alternative solution perceived as the only solution for Poland, that is – to return to capitalism.

In brief, this chapter introduced major interrelated factors that accelerated the process of political and economic institutional changes in Poland in 1989-1990: political transition that led to the creation of the first Solidarność government, which, led to the ascendancy of liberals to powerful political power, in particular, the selection of Leszek Balcerowicz for the post of Deputy Prime Minister and Minister of Finance. From the beginning, Mazowiecki had decided on a government of experts to restructure the economic system. Economic crisis led to the selection of Leszek Balcerowicz as the Finance Minister. Balcerowicz and his economic team tried to isolate themselves from political pressure by adopting a technocratic policy style.¹⁹⁵¹ During a time of high political and economic uncertainty, actors occupying powerful positions had the opportunity to implement their ideas, as was the case in Poland and other Eastern European countries, in particular, Hungary and Czechoslovakia, where liberals were promoted and directed institutional change. From 1989, Poland turned from a satellite state to a sovereign state, one with new institutional settings and a new role in the international arena. In 1989 Poland entered a period of transition with no clear economic

¹⁹⁵⁰ *Warsaw PAP*, "Walesa on Importance of 'Enlargement' of Europe." FBIS-EEU-93-228. 30 November 1993. P: 31.

¹⁹⁵¹ Orenstein 2001:30.

program, in particular when Solidarność headed the government. The opportunity emerged for liberals who advocated Poland's return to a capitalist market economy. One of the first decisions made by the government was that Poland should transition to democracy and capitalism, with a total departure from old political and economic practices. Balcerowicz, the architect of the Balcerowicz Program was selected for this task. Balcerowicz did not think that the economic situation in Poland in 1989 was favorable to a gradual move to a market economy, and believed that political transition paved the road for "the freedom of choice." Balcerowicz and his team chose a model that had been tested in other countries and was proven to be efficient - the West European model of a market economy.¹⁹⁵²

¹⁹⁵² *Warsaw POLITYKA*, "Finance Minister Comments on 'Balcerowicz Program.'" FBIS-EEU-90-008. 11 January 1990. P: 65.

Chapter Seven: Conclusion

A specter is stalking Europe, as well as other continents: the specter of an end of the totalitarian system, the specter of an end of the barracks communism.

-Adam Michnik (1989).¹⁹⁵³

Our country is at a historic turning point. In a Europe which is organizing itself a new, the extent and quality of our state sovereignty will depend on the country's economic strength. The Army used to decide on it. Today, it is the economy that decides.

-Leszek Balcerowicz (1990).¹⁹⁵⁴

The major question of this study is: what explains Poland's transition to democracy and capitalism in 1989-1990? In answering this question I identified three causal and interrelated factors. The first one is the accumulation of political and economic crisis since the consolidation of the communist regime in Poland in 1945. The second factor is the ideational changes, dated back to the time of Poland's partition that witnessed the emergence of the first Socialist Party. Ideas of major actors change with certain condition

¹⁹⁵³ *Warsaw GAZETA WYBORCZA*, "Michnik: Totalitarianism to End." FBIS-EEU-89-099. 24 May 1989. P: 45. Adam Michnik, an editor in chief for *Solidarność GAZETA WYBORCZA*, in its first issue in 1989 after the legalization of *Solidarność*, in his article, *A specter is Stalking Europe*, explained the main reasons that led to the compromise between the government and the opposition at the roundtable. He wrote in this regard: "something different has transpired. What were the factors involved? Firstly, the economic collapse of the policy of martial law. Had stuffed wallets and well-stocked shops been the result of the military action on that night in December [1981], members of the authorities would have had no use for the roundtable. However, political changes became a prerequisite for favorable changes in the economy. Society whose aspirations were blocked turned its back on the members of the authorities. Secondly, there is the international context. Facing similar threats, the Soviet party and state leadership opted for the path of glasnost, a great political opening. In turn, a broad campaign of denouncing Stalin has brought a pressure of sorts to bear. An essential change has occurred. Thus far during Polish crisis, we heard the same thing: the Polish national character, Polish laziness, Polish squabbling, and the Polish predisposition to anarchy are to blame for everything. The political turnaround in the USSR and a clear diagnosis of the crisis in Poland has come to be seen as a fragment of the general crisis of the system of totalitarian communism." He concluding his article by saying that "a specter is stalking Europe ... this is why elections to the Sejm and the Senate are so important. They must show that the Poles want democratic changes, and are prepared to support them with their votes. By voting for Poland to embark on the road toward democracy and independence." Ibid.

¹⁹⁵⁴ *Warsaw Television Service*, "Summarizes Program on TV." FBIS-EEU-90-112. 11 June 1990. P: 74.

and circumstances. Thus, the second factor explains how ideas emerge, evolve and fall, particularly, after the consolidation of communist system in Poland in 1945 until the year of 1989. The third factor is the political transition in 1989, which led to the rise of Solidarność to political power. Each factor was necessary, but not enough by itself, to cause the outcome. In other words, each causal factor cannot alone explain the institutional changes that took place in Poland in 1989-1990. Thus, in order to understand the process of transformation, all of these factors should be taken into account. Through using historical analysis and the method of process tracing, I contextualized each factor in time and place. Timing was a major component in Poland's case. By understanding the circumstances and conditions which governed specific situations and specific decisions, we can understand the behavior of the actors and their preferences. Poland has presented a challenge to researchers because of the complexity of the institutional changes and the rhythms and pace of changes that took place in 1989-1990. This study covers the period from 1945 until 1996 in depth. It also covers the period of Poland's partition to understand the beginning of the institutional changes that took place before the arrival of communism in Poland. Covering the partition time allows us to understand that different political and economic institutional settings existed in different part of Poland. In addition, it helps us to trace the roots of socialist ideas and how they emerged among young Polish students.

Poland regained its sovereignty after World War I, and started to build a multi-party democratic system which had lasted for only a short period of time when Germany invaded Poland. After World War II, Poland was in a total destruction. A new chapter in Poland's history opened, but this time there was a break with old political and economic

institutions and the building of a new one based on the Soviet model. This study traces the major critical junctures in Poland's history and presents them in chronological order in an attempt to identify the causal mechanisms that lie hidden within each factor.

The story of Poland

The major aim of this study is to understand the process of transformation and institutional change in Poland that took place in 1989-1990. In doing so, it traces the major historical events in Polish history since the time of partition and the consolidation of communism. In addition, it pays particular attention to the rise of the *Solidarność* movement in August 1980 and its underground activities until its re-legalization after the 'roundtable' agreements in April 1989.

Poland's partition between Austria, Russia and Prussia at the end of the 18 century, had a critical influence on the development of its political and economic institutions. In addition, it impacted the academic life and the development of sciences in Poland. During the partition time, Poland had different institutional settings and arrangements in each portioned part. Due to its strategic geographic position, Poland was impacted by different political and economic models which existed in the international system. In addition, during partition time, the first socialist group, the Social Revolutionary Party 'Proletariat,' emerged, formed by young Polish students in 1882.¹⁹⁵⁵ Proletariat established its own journal and started to disseminate its socialist revolutionary ideas among young people.¹⁹⁵⁶ The movement was perceived by the Tsarist regime as a threat and was violently suppressed. The movement lived for a short period

¹⁹⁵⁵ Blit 1971: 58.

¹⁹⁵⁶ Ibid., 104.

of time from 1882 until 1886. The major influence of this movement was that it led to the emergence of different socialist and communist groups. Important to note that, the Catholic Church played an important role in keeping Polish identity alive during the partition period and remained an independent institution during Communist time.

After its disappearance from the map of Europe for 123 years, Poland emerged as a sovereign state after the collapse of the Russian, Austrian and Prussian empires. The war had a devastating impact on Poland's economy, alongside the impact inherited from the period of partition. The new government in Poland after World War I found itself with different institutional arrangements in each partitioned part, therefore, the first plan for the new government was to establish a new and unified institution in the newborn Poland. Poland during this period was composed of different cultures and was a heterogeneous country. The political system was described as a multi-party democratic system and the economic system resembled a capitalist system. Many scholars, when talking about transition in 1989-1990, have, therefore, described it as a restoration of the capitalist and democratic system that had historic roots in Poland. Sovereign Poland suffered from increasing political factions that led to the coup by Marshal Józef Piłsudski. Piłsudski aimed to build a strong state with a strong president. Poland's independence ended with invasion by Germany in 1939.

After World War II, Poland re-emerged as an independent and sovereign state. However, its geographic and demographic composition has changed. For the first time Poland was a homogenous state. The economy had been devastated during the war. During this time, as I showed in chapter four, workers took over the management of their factories and run the factories themselves after many managers fled because of the war.

Poland, therefore, had a tradition of workers' self-management. The idea of self-management re-merged several times whenever economic crisis erupted during communist rule. After the liberation by the Soviet and Home Army troops, the new government was composed of different political parties and included members of the government in exile in London. High uncertainty governed the whole situation. During this time, socialist and communist groups used the opportunity to seize political power with support from the Soviet Union. A new chapter in Polish history had opened, and the communist party, backed by the Soviet Union, maintained its stranglehold over power in the country for decades to come.

One of the major events that signified monopolization by the Communist Party was the integration of the PPS and the PPR and the creation of the PZPR. This meant the destruction of old institutional arrangements and the end of the multi-party system that existed in Poland before the war. In addition, it signaled a new path taken by the new government in the Sovietization of all aspects of Polish life which as Norman Davies described,¹⁹⁵⁷ was the first stage in Communists' consolidation of their power:

During this initial period, the Soviet authorities placed little trust in the Polish communists. They relied first and foremost on their own security services, who were busily purging every Polish town and village of its active 'antisocialist elements'. They made great use of those few non-communist Poles, who could be persuaded to collaborate and to act as a figure-heads for the new governmental bodies. After all, in 1945, it was only seven years since Stalin had ordered the total liquidation of the Polish Communist Party (KPP) and the execution of some 5,000 of its activists; and it was only three years since the KPPs replacement, the Polish Workers' Party (PPR), had been formed. Even if

¹⁹⁵⁷ Norman Davis divided the period from 1944 until the rise of Solidarność into five stages. The first stage was from 1944 until December 1948 when Communist took over the country. The second stage termed as "Polish Stalinism" which lasted from December 1948 until October 1956. The third stage started with Gomulka return to power in 1956 until 1980. Fourth stage was from the time of the emergence of Solidarity in August 1980 until the imposition of martial law in December 1981. The fifth stage was "the military dictatorship." Norman Davies, *Heart of Europe: A Short History of Poland* (Clarendon Press: London, 1984). Return to the same source to see details of each stage.

the Polish communists had been willing to take power at this stage, there were far too few of them to do so.¹⁹⁵⁸

As the above quote indicates, communist and socialist parties were still a minority after Poland's liberation. They therefore gained control over the country with the support of the Soviet Union. The first political clash within the communist camp emerged during the process of consolidating communist rule in Poland. Two sets of ideas were in conflict with each other, as mentioned before. The first was the idea of the Polish road to socialism, or the Polish 'variant' of socialism. Władysław Gomułka was an advocate for this nationalist and particularistic vision: "he was a proponent of the views that there were 'many roads to Socialism. He rejected any slavish imitation of the Soviet model, and believed strongly that Poland's specific traditions demanded a specifically national brand of Communism.'"¹⁹⁵⁹ The other idea, which was advocated by Bolesław Bierut, was based on following the Soviet Union model of socialism. With support of the Soviet Union, Bierut started to implement Soviet model, and Gomułka and his followers were accused of being 'rightist,' and were expelled from the Communist Party. The process of collectivization started as part of the first Three Years Plan. Poland started its march toward planned and central economy and the monopolization of political power. All opposition movements and parties were suppressed. The Democratic Party and the Peasant Party played marginal roles as allied parties to the Communist Party. In 1948, with the creation of PZPR, Poland's economy was centralized with a heavy emphasis on industrialization. In 1956, Gomułka returned to power with his vision of a Polish road to socialism. In the October revolution, as it was called, Gomułka returned after Stalin's

¹⁹⁵⁸ Norman Davies, *Heart of Europe: A Short History of Poland* (Clarendon Press: London, 1984), 5

¹⁹⁵⁹ *Ibid.*, 10.

death and began a new plan of reforms. At the beginning, Gomułka aimed at increasing political liberalization and introducing market mechanisms into central planning by activating the idea of self-management. Political liberalization led to the rise of the revisionist movement which criticized centralization of economic management and urged the need to engage workers in the management of the economy. Gomułka established a new economic council headed by Oskar Lange, the originator of the idea of market socialism. Lange's idea was to introduce market mechanisms into the central planning system. He was part of the 'calculation debate' with von Mises revolved around the efficiency/feasibility of the socialist economy. Gomułka allowed the creation of workers' councils as a way of engaging workers in the management of the economy. Gradually the government retained control over the management of state enterprises. At the same time, the revisionist movement failed to reform the party from within and was accused of being an anti-socialist movement. Many advocates of revisionist and reformist ideas were expelled from the Party and the rest emigrated.

Several economic crises had led the government to initiate different economic reform plans under socialist umbrella. In March 1968, student demonstrations led to a violent response from the government and increased tension between the Party and the society. By 1976 another economic crisis erupted after government's decision to increase the prices of basic goods. This time, new opposition movement, the Workers Defense Committee *KOR*, was formed. Other oppositional movements emerged throughout the 1970s, however, in 1980, one the first independent mass social movement emerged, *Solidarność*, that led eventually to the collapse of Communist Party in Poland in 1989.

August 1980 and the program of self-governing

In July 1980, the government decided to increase the prices of goods. A new opposition movement emerged that would change the course of events in Poland for decades to come. In August 1980, strikes had spread all over Poland and paralyzed Polish economy. The government was forced to seek negotiations with the protesters represented by Solidarność. One of Solidarność's major demands was the legalization of an independent trade union. Solidarność also demanded the creation of authentic self-management bodies in state enterprises. At the start Solidarność avoided any direct challenge to the monopoly of the Communist Party rule. Solidarność was concerned with workers' rights and directed its criticism at the centralization of economic management, and it demanded the abolition of the *nomenklatura* system. For Solidarność, workers were the major actors in socialism and, therefore, it demanded the transfer of economic management from centralized control to the workers. Solidarność wanted real participation of workers through the formation of workers' councils in all state enterprises which would give workers control over the appointment and dismissal of enterprise managers. This demand - the appointment and dismissal of management in state enterprises - was a direct challenge to government control over the appointment and dismissal of state enterprise managers, and to the *nomenklatura* system in particular. The government reached an agreement, the Gdansk agreement, on August 30, 1980, whereby Solidarność was legalized and started its own periodicals and activities.

Solidarność followed a non-violent tactics in its struggle. Its political and economic ideas stemmed from Catholic teachings. Solidarność expressed its adherence to the European traditions of democracy and freedom. As stated before, Solidarność

demanded the creation of a genuine workers' democracy through the decentralization and de-monopolization of the economy. For Solidarność, "the basic type of enterprise will be the social enterprise."¹⁹⁶⁰ Social enterprise, according to Solidarność, "is the basic organizational unit of the national economy; it functions independently on the basis of economic calculation, it is endowed with legal status, comprises its organized workforce, administers the part of the national property which is entrusted to it and is run by the employees' self-management body."¹⁹⁶¹ Solidarność adopted the term social enterprise to indicate the need to transfer economic control and management from the state to society, as it was supposed to and as was envisioned by socialist idea. Self-management in social enterprises was composed of: 1) delegates; 2) workers' council; 3) Presidium of the council; 4) auxiliary self-management bodies; and 5) the director.¹⁹⁶²

The issue of appointment and dismissal of managers was the major debate between the government and Solidarność. Time was a major factor here. Internal and external circumstances governed the whole situation. During the first year of its formation, Solidarność increased its demands and asked for a new social accord with the government and radical major political and economic reforms. Solidarność held its first national Congress in September and October 1981 in which it published its Program. Solidarność urged the government for "a radical change in the existing economic order."¹⁹⁶³ In addition, the Program demanded the creation of authentic self-management and sweeping political and economic reforms. It also demanded the protection of workers' material situation and called for universal social security through its proposition

¹⁹⁶⁰ Persky and Flam 1982: 183.

¹⁹⁶¹ Ibid.

¹⁹⁶² Ibid., 184.

¹⁹⁶³ Ibid., 225

of an anti-crisis agreement, which “should ensure the survival of society in the difficult winter months ahead. It must point out the direction to follow in order to emerge from the crisis. It should be the first test of collaboration between the state power and society.”¹⁹⁶⁴ Solidarność also presented its draft for self-management bodies. For Solidarność, “the road for a self-governed republic is the only one which will make Poland internally strong, an equal partner with other nations.”¹⁹⁶⁵

The government, at the same time, presented its own draft for self-management, which attracted much debate. Solidarność and the government reached a compromise on the issue of self-management, discussed in chapter three and four. Solidarność perceived the idea of self-management as a path toward workers’ democracy. The major aim behind the idea of self-management was to de-monopolize and decentralize the management of the economy and transfer it into workers’ hands instead of the state and its apparatus. The government started media attacks against Solidarność. Strikes and protests increased in mid-1981. By that time, Solidarność became one of the largest social movements in Eastern Europe with a membership that reached ten million. The government perceived Solidarność as a threat to its economic monopoly. In December 1981, it declared a ‘state of war’ against Solidarność. After the declaration of martial law, many activists and leaders of Solidarność were arrested. Solidarność’s formation constituted a critical event in Polish history. It led to an underground resistance and eventually to the collapse of Communist rule in Poland. It is important to note that Solidarność was not advocating a specific political or economic identity, but it unified different political and economic orientations against government monopoly.

¹⁹⁶⁴ Ibid., 225.

¹⁹⁶⁵ Ibid.

Solidarność underground

After the declaration of martial law in December 1981, Solidarność was banned, and in 1982 a new law was passed by the *Sejm* which made Solidarność illegal. Protests and strikes were suppressed. Solidarność, therefore, continued its struggle underground, publishing hundreds of papers. In addition, it built a parallel underground society. Society perceived Solidarność as the only representative of the 'truth.' The Church also played an important role during martial law as a mediator between Solidarność and the government. The Church remained an independent institution in Poland. Solidarność's underground staged rallies and boycotted official institutions and elections. It also established links with other Eastern European opposition groups and had representation abroad. During the years of martial law, Solidarność educated the society in non-violent resistance.

Throughout the 1980s, politicians from Communist Party gradually, aside from the hardliners, transformed from rigid advocates of Communist ideology to pragmatic practitioners. This shift facilitated the adoption of liberal measures by the Party in the mid-1980s and full conversion to a market-economy in 1989. Not only the party but also several Solidarność activists lost trust in the idea of self-management and started to look at another available alternative, capitalism. After the declaration of martial law, there was an increased number of pro-capitalist movements which bluntly declared their rejection of socialism and perceived the restoration of capitalist and democracy as the only alternative available for Poland. This signified an ideational change away from socialism, self-management and market socialism and toward market capitalism. Ideational changes took longer time to redefine actors' belief systems and preferences. It was, therefore, after several economic and political crises that several members of the Party and

Solidarność started to advocate capitalism instead of any middle ground such as self-management or market socialism.

Professor Balcerowicz had already proposed a radical economic reform plan with a group of young economists but his ideas were too radical and were rejected by the government in 1978. Balcerowicz, as he stated in his interview discussed in chapter four, advocated a radical transition to capitalism. However, he was unable to declare it bluntly because, during that time and under state socialism, the word capitalism and the idea of private property, was not allowed and not tolerated. Thus, there was no opportunity for Balcerowicz to implement his radical economic proposal until 1989, when Solidarność rose to political power.

The Solidarność underground continued to propose a dialogue with the government. It survived underground because of the massive support it had from Polish society, from Western societies and from trade unions all over the world, and because of the support it received from the Catholic Church. The government faced several economic and political crises throughout the 1980s and started to introduce a market mechanism and more liberalization into the economy in mid 1980s. It introduced a type of market socialism solution as a way to reform the state socialism system. However, the government was unable to proceed with its economic reform plans without society's approval.

In 1986, the government, therefore, released several political prisoners and started to introduce more political liberalization. It also, started its 'first stage' economic plan, followed by the 'second stage' reform plan to push the economy. The government proposed a national referendum for its socio-economic reform plan in November 1987.

The results were shocking for the government - it lost the referendum but it proceeded with the plan regardless. The referendum gave the government a clear indication that society rejected any reform without the legalization of trade unions and reconciliation with the society. The government's decision to increase prices led to massive strikes in May and August 1988. These strikes forced the government to start negotiations with the opposition. Until now [1988] Solidarność was unified against the Communist Party's monopoly over all aspects of Polish life. Strikes and protests increased and the Citizens' Committee was formally established at the end of 1988 in support for Solidarność. The idea of the 'roundtable' negotiations emerged but was halted several times. At the beginning of 1989, the government found no way except to start the 'roundtable' talks with the opposition. The economic situation had worsened, with high inflation and shortage of consumer goods which was one a major negative and chronic problem with socialist planned economy.

The collapse of Communism

The imposition of martial law failed to solve Poland's political, social and economic problems. The Communist Party found itself isolated from society, which alienated itself from the government, and pursued an anti-politics attitude. The Communist Party's monopoly over the state apparatus and repression of opposition, led to its international isolation too, especially after martial law when several Western countries such as the United States cut their political and economic relations with Poland. Meanwhile, Solidarność emerged as the moral and political winner after the imposition of

martial law and the de-legalization of its activities, winning moral and political prestige domestically and internationally.

The political and economic crisis that halted the progress of the government socio-economic reforms, and political transformation in the USSR with the rise of Gorbachev, served to break the impasse in Poland. Poland started its own political and economic *perestroika*. The strikes in May and August 1988 marked a watershed. They made the government introduce the idea of the ‘roundtable’ and recognize Solidarność as the representative of Polish society and started a chain of events that led to the actual realization of the ‘roundtable’ in February 1989. One whole chapter is devoted to the ‘roundtable’ major sub-tables and the final agreements reached by both the government-coalition side and the Solidarność-opposition side.

The ‘roundtable’ was a major critical juncture in Polish history. It led to the re-legalization of one of the biggest social movements in Eastern Europe- Solidarność. It also forced the government to take drastic actions in political reform which were not imagined before the ‘roundtable.’ One of the major decisions from the political reform sub-table was the reinstatement of the Senate, the introduction of the office of Presidency, and allowing the opposition to run for 35 percent of the *Sejm* seats. A new economic order was agreed which included further marketization and liberalization of the economy. In addition, the need for a private sector for the improvement of the economic situation was recognized.

The conclusion of the ‘roundtable’ signaled the beginning of transition period toward a new economic and democratic order. In another word, the ‘roundtable’ accord led to a peaceful transition of power from authoritarian regime led by one Party, to a

democratic one. After the conclusion of the 'roundtable,' Solidarność once again was legalized and started its political campaign for the *Sejm* and the Senate elections of June 1989. Several Citizens' Committee (*Komitet Obywatelski "Solidarność"*) flourished nationwide, which had been established in 1987-1988, and participated as an election platform for Solidarność. The last section of chapter five presented Solidarność's electoral program for the elections of the *Sejm* and the Senate in June 1989. These elections would change the course of events in an unexpected way.

The victory of Solidarność

Solidarność reorganized itself after the 'roundtable' and started an intensive campaign for the coming elections [June 1989]. It was allowed for the first time to access public media as part of the media reform agreed upon at the 'roundtable.' In two rounds of elections for the *Sejm* and the Senate, Solidarność won all seats but one for the Senate and all the seats allocated for the opposition in the *Sejm*. Solidarność's massive victory came as a surprise. The Communist Party, with its allocated seats and those of its allied parties (the Democratic and the Peasant Parties), secured its domination at the parliament. However, the situation changed drastically in favor of Solidarność. After Solidarność's victory in June elections, new issue emerged- the office of the President which suppose to be elected by the National Assembly (the Senate and the *Sejm*). General Jaruzelski was elected (he was the only candidate) as President because of his political experience and to avoid destabilization of Poland relation with the Soviet Union.

Another political crisis emerged over the appointment of a Prime Minister. During this time, Adam Michnik had proposed the idea of a Communist President and a

Solidarność member as Prime Minister. This idea was rejected at the beginning, but after Wałęsa's famous tri-party proposal the situation changed. Wałęsa's major aim was to break the old coalition setups in the *Sejm* between the Communist Party and the Democratic and Peasant parties. He proposed a government that would be headed by Solidarność and would be composed of members from the Peasant and the Democratic parties, alongside the PZPR. This political move accelerated the process of political transition and led to the rise of Solidarność to political power in Poland. Wałęsa's proposal challenged old alliances and created new ones. In addition, it led to the appointment of the first non-communist government in Poland since World War II.

Political transition, therefore, is the major third causal factor in this study, alongside ideational changes and the accumulation of political and economic crises. When Wałęsa proposed a government headed by Solidarność, it signified the collapse of Communist Party domination. The Communist Party dissolved itself in January 1990, and created a new social democratic party. After Solidarność's massive victory in June elections, according to Timothy Ash:

Solidarity faced several major questions: the internal structure of the opposition movement, the nature, timing and terms of its participation in government, and its response to the deepening economic crisis, what was Solidarity in the summer of 1989? It was at least four things. First, it was Lech Walesa, whose personal popularity and authority had reached extraordinary heights, reinforced, of course, by every meeting with a President Mitterand or Bush. Second, it was the parliamentary group- 161 out of 460 members of the Sejm, ninety-nine out of 100 members of the Senate. These new parliamentarians personally represented very different tendencies and traditions, but on 4 June they were all-social democrat or conservative, Christian or Jew, bright or dull-elected because they were the candidates of Lech Walesa.¹⁹⁶⁶

¹⁹⁶⁶ Timothy Garton Ash, *The Magic Lantern: The Revolution of '89 Witnessed in Warsaw, Budapest, Berlin and Prague* (New York: Random House: 1990), 33.

Solidarność, when assuming power, was not ready with a clear economic program. It also did not advocate a specific political identity because it was built on unifying different political and economic orientations against Communist Party monopoly. When Tadeusz Mazowiecki was appointed the Prime minister he, therefore, turned to the group that was best prepared and was familiar with Poland's economic situation. Mazowiecki entrusted liberal economist Leszek Balcerowicz with the economic situation and appointed him as Deputy Prime Minister and Minister of Finance. This powerful political position enabled Balcerowicz to implement his radical economic plan that waited for a decade for the right moment to be materialized. The economic situation was deteriorating. The only viable solution for Balcerowicz was to drastically restructure the Polish economy from a planned socialist economy into a capitalist market economy. For Balcerowicz and his team of economists, Poland was on the verge of hyperinflation and the only solution was to start a process of transformation aimed first at stabilizing the economy, and then to start the process of ownership transformation through the privatization of state enterprises. Mazowiecki decided to form a government of technocrats to isolate them from political pressure. It was political transition that led to the rise of Solidarność to political power, and as a result, led to the ascendancy of liberals to powerful political positions.

Poland's transition to democracy and capitalism

One of the major decisions taken by the new government was to abolish Communist monopoly over the political sphere. The *Sejm* proposed several amendments to the Constitution which would eliminate the article that gave the Communist Party 'the leading role' in the affairs of the country. In addition, it eliminated the article that specified the role of the Peasant and Democratic parties as an allied to the Communist Party. Political liberalization and media reforms were among the major issues discussed in the first session of the *Sejm* and the Senate. The process of democratization accelerated with the rise of Solidarność into political power. Several political parties and groups emerged with different political and economic orientations. As stated before, there was a rise in the number of pro-capitalist and free market movements. Therefore, after June elections, many groups that advocated a free market economy and democratic system formed and officially registered their parties and groups.

In the economic sphere, both the government and the *Sejm* agreed that the economic situation was worsening and there was a need for an urgent salvation plan for the economy. Balcerowicz, therefore, presented his economic reform plan called the 'Balcerowicz Plan,' which aimed at radically restructuring the economic system to resemble those in advanced Western countries. For Balcerowicz, capitalism was a successful model that was tried and tested and proven to be efficient. The only option for Poland's difficult economic situation was, therefore, to radically change the centrally planned economic system into a capitalist system. Balcerowicz's economic proposal was received warmly by international financial institutions, which offered

technical and financial help. At the same time, Western countries made economic agreements with Poland after the 'roundtable' talks and their role increased after Solidarność assumed political power.

Two 'stages' economic reform

Balcerowicz envisioned a new economic system that built on the principles of a market mechanism instead of an administrative mechanism. The economic situation was severe in 1989, with shortage of goods and falls in production. Hyperinflation was the major threat to the Polish economy. The first decision of the Balcerowicz team was to fight inflation and stabilize the economy. His plan was composed of two stages. The first stage was stabilization of the economy. In this stage price would be freed and the zloty would be convertible. The Balcerowicz plan commenced in January 1, 1990. The results were positive. Consumer shortages were eliminated and the prices started to reflect market supply and demand. On the negative side, it led to massive unemployment. The second stage was ownership transformation. For this stage a new ministry was established, the Ministry of Ownership Transformation: Privatization. Privatization had started before 1989 but modestly, in particular after the issuance of the Law on Economic Activity in December 1988, discussed before. On July 13, 1990 the *Sejm* passed a law on the privatization of state enterprises. Balcerowicz spoke about Poland new privatization laws in the following words:

Yesterday the Sejm (lower House) made a decision of historical importance, since privatization laws constitute legal frames for a change of Poland's economic system, a change of our economy into an effective, expandable

system, one that is modeled on most potent countries of the world, one that will make it possible for Poland to finally join Europe in the process of unification... The task we face is huge and difficult. We are first to carry it out on this scale. As we have to act fast, it will be difficult for us to avoid errors and stumbles. However, I am sure that we will make it. After all, the future of everyone depends on this to a great extent.¹⁹⁶⁷

Different approaches were applied to the privatization process - small-scale, medium scale, large-scale, and sector privatization. The government enjoyed massive support from the society when Solidarność governed, but this support did not last for long. The Mazowiecki government had inherited a weak economy from the period of communism. Workers' strikes erupted in the second half of 1990. Unemployment was a major issue which escalated with the liquidation of several state enterprises. Poland was able to sign a structural agreement with the IMF to rebuild its economic institutions. It also was able to reschedule its foreign debt. The process of privatization slowed down in late 1990 and 1991. Lech Wałęsa asked the *Sejm* to grant 'special power' to the government to accelerate the process of privatization and structural change. His idea was rejected by the *Sejm*, and led to a split within Solidarność between supporters of the Mazowiecki government and pro-Wałęsa supporters of acceleration. For Wałęsa the split within Solidarność was a natural development for a movement that unified different political and economic orientations. Political instability had impacted the process of structural change. Calls for democratic presidential elections increased. Several groups asked General Jaruzelski, as showed in chapter six, to step down to elect democratically the President of Poland. Wałęsa announced his intention to run for the presidency alongside Prime Minister Tadeusz Mazowiecki. Communism started to collapse and

¹⁹⁶⁷ *Warsaw PAP*, "Balcerowicz Stresses Privatization." FBIS-EEU-90- 139. 14 July 1990. P: 35.

a new democratic rule was taking its place. Private companies and employers emerged as a result of ownership transformation. The restructuring of the economy brought a multiplicity of conflicts that was not known before. The first four years of transition witnessed the rise of a large number of political parties and groups which was a natural development with the break of old authoritarian system.

The idea of self-management and market socialism idea was replaced when the government restored capitalist economic system instead. As stated before, option available in front of decision-makers differ in different time, conditions and circumstances. Thus, with political transition, restoring capitalist market economy perceived as the only and valid alternative to state socialism in Poland in late 1989. After few months from the implementation of 'Balcerowicz Plan,' workers started to protest against rising unemployment and demanded protection under these new circumstances.

On the other hand, liberals organized themselves and formed their Party, the Liberal Congress Party (KLD). They occupied a powerful position under the Mazowiecki and Beleicki governments. Wałęsa won the presidential election in December 1990. The relations between the President and the *Sejm* deteriorated. Political instability threatened the positive results achieved by the Balcerowicz Plan. After several government reshuffles, the economy witnessed an improvement in 1993. The table below shows Poland's real percentage growth of GDP compared with other East European countries from 1990-1992.

Table 7.1: Real growth GDP in Eastern Europe (1990-1992).¹⁹⁶⁸

Country	1990	1991	1992
Albania	-10.0	-27.0	-8.0
Baltic States	-3.0	-11.0	-34.0
Bulgaria	-9.0	-16.0	-8.0
Czech Republic	-0.5	-14.0	-7.0
Croatia	-9.0	-28.0	-25.0
Little Yugoslavia	-8.0	-12.0	-25.0
Poland	-12.0	-7.0	+1.0
Hungary	-4.0	-12.0	-5.0
Russia	-3.0	-9.0	-15.0
Slovakia	-2.0	-16.0	-6.0
Slovenia	-5.0	-9.0	-6.0

Contribution of the study

My dissertation aims to advance research in transition literatures. Transition theories have given us several factors that explain the causes of democratization and the breakdown of old institutions. They have also explained the relationship between economic development and democracy and advanced further to cover the process of democratic consolidation. Ideational theories, on the other hand, brought a new

¹⁹⁶⁸ Original Source: IMF, EBRD (European Bank for Reconstruction and Development), reported in Budapest *HETI VILAGGAZDASAG*, "Disappointment with EC, West Voiced." JPRS-EER-93-096-S. 9 September 1993. P: 2.

factor into the equation - the role of ideas in institutional change. The role of ideas in institutional change became the center of attention for social scientists. By combining the roles of ideational changes, economic and political crisis and political transition, I hoped to bring a more dynamic understanding of Poland's case. Other studies might benefit from Poland's case and offer a comparison with other countries, in particular the Middle Eastern countries because they are also undergoing the economic, political and ideational changes that Poland went through, in different degree. The importance of ideas started to gain ground by ideational scholars who emphasize the causal role of ideas in institutional changes, in particular at the time of high uncertainty. This study, therefore, built on transition and ideational literatures, and advance new research that bring structure, ideas and crisis into the analysis of institutional changes that can be apply to other cases, which is my aim for the future research. My research also highlights causal mechanisms for each factor through using historical analysis and the process tracing method that was advanced recently to trace the impact of ideas on political and economic policy changes. Finally, the study is of beneficial not only for political scientists, but also to historian interested in Polish case, because of its coverage of a large amount of historical data of Poland, in particular from 1945 until 1996. Future researches can benefit from this study and extend their time frame to cover another 'critical juncture' in Poland history: its membership to the European Union in 2004.

Appendix 1: Poland Chronology of Events:

Note for the chronology: all information here was collected mainly from FBIS reports, different articles and books included in the references section and footnotes.

- **966**
Poland converted to Christianity.
- **1772**
First partition of Poland.
- **1793**
Second partition of Poland.
- **1882**
First Polish Socialist Party, 'Proletariat' emerges in Polish territories under Russian domination.
- **1885**
December: the trial of twenty-nine leaders of the 'Proletariat' Party.
- **1918**
November 11: Poland gains its independence.
- **1939**
German-Soviet non-aggression pact with secret provision for the partition of Poland.
Nazis invaded Poland.
World War II begins.
- **1940**
Polish government in exile relocates to Paris, and then after the fall of France in June, it left to London under the leadership of General Wladislaw Sikorski.
The formation of the Polish Home Army (the *Armia Krajowa*).
General Wladislaw Sikorski visited the Soviet Union and meets with Stalin to allow Poles who fled the country to join the Home Army.
Soviet massacre of Polish army officers at 'Katyn.'
- **1941**
Stalin starts diplomatic relations with the Polish government in exile in London.
A 'Declaration of Friendship and Mutual Assistance' is signed by Stalin and General Sikorski.
December /January 1942: Polish Worker's Party (PPR) is established, with Marcelli Nowotko as the Party's General Secretary.

- **1942**
November: Marcei Nowotko is shot and succeeded by Pawel Finder as PPR General Secretary.
Władysław Gomułka member of the Polish Communist Party led resistance fights against Nazi Germany.
- **1943**
Warsaw Ghetto uprising begins.
PPR publishes its manifesto called “What we are fighting for,” authored by Gomułka and Finder.
April 12: discovery of the mass grave in Katyn of 4,321 Polish officers.
July 4: General Sikorski died in a plane crash.
Stainslaw Mikolajczyk becomes head of the Polish government in exile in London.
November 23: Władysław Gomułka becomes Secretary of the Polish Communist Party (PPR).
- **1944**
The Soviet Army entered Poland headed by Konstantin Rokossovsky, enters Poland.
June: Gomułka officially forms the National Homeland Council without Moscow’s approval.
July 22: the Polish Committee of National Liberation (PKWN) is established in Lublin with Soviet approval and declared itself the sole legal representative of Polish “executive power.”
Polish government based in London protests against the Lublin declaration.
September 6: land reform act is adopted by PKWN.
Polish Home Army liberates Warsaw.
Hitler ordered the city of Warsaw to be destroyed.
December 31: “PKWN announces itself as the provisional government of Poland.
- **1945**
Provisional government is recognized by Stalin.
April 21: Polish-Soviet non-aggression Pact is signed.
Yalta Conference, between Roosevelt, Churchill to form the Polish Government of National Unity, which subsumes London- based government and the Polish Communist party.
June 28: Provisional Government of National Unity (TRJN) is formed; with Bolesław Bierut as President, Osobka-Morawski is Premier, Mikolajczyk’s first Deputy Premier and Minister of agriculture; Wincenty Witos as Vice President; and Gomułka as Deputy Prime Minister and Minister of Recovered Territories.
July 17-August 2: Potsdam Conference settles Polish-German borders on the Oder and Western Neisse rivers.
Poland’s borders are redrawn as a result of Potsdam Conference. From the east, Poland cedes 70,000 square miles to the Soviet Union, and from the west, Poland

gains 40,000 square miles from Germany (Danzing is renamed Gdansk, Stettin is renamed Szczecin, and Bromberg becomes Bydgoszcz).¹⁹⁶⁹

Poland economy suffers from severe destruction caused by the war.

September: Polish Peasant Party (PSL) is formed. With Wincenty Witos as its chair.

October: Wincenty Witos dies and is succeeded by Stanislaw Mikolajczyk.

December 6: First Congress of the Polish Workers' Party.

- **1946**

January 3: an Act of Nationalization of Industry and an Act for taking over the main branches of the national economy start a period of nationalization and collectivization of Poland's economy.

June 30: first Referendum held in Polish People's Republic; the Senate is abolished. Władysław Gomułka continues his position as the head of the Polish Communist Party and Prime Minister.

Communist Party wins parliamentary elections in Czechoslovakia.

Stefan Wyszyński becomes the bishop of Lublin.¹⁹⁷⁰

- **1947**

January: *Nowe Drogi* (New Roads) is established as a theoretical organ of the PPR.

January 19: parliamentary elections are held and the Communist-led Democratic Bloc gets 80 percent of the votes. The election is described as rigged amid protests by the British and American governments.

February: Bolesław Bierut is elected President of the People's Republic of Poland.

Cominform (Communist Information Bureau) is established in Warsaw to coordinate the activities of Communist Parties in Europe.

October: Mikolajczyk is accused of being "an ally of foreign imperialists;" therefore, in November he escaped to London and then he left to the United States and died in 1966.¹⁹⁷¹

- **1948**

January: Poland refuses to receive financial aid as part of the U.S Marshall Plan for Europe.

January 28: Poland and the Soviet Union signed trade treaty.

Władysław Gomułka is accused of "nationalist deviations" for supporting Tito's nationalist line.

September 3: Bolesław Bierut becomes the first Secretary of the Communist Party.

The Communist Party controls political power in Czechoslovakia and Hungary. Yugoslavia is expelled from Cominform for "hostility to the Soviet Union."¹⁹⁷²

¹⁹⁶⁹ Source: Weschler, *Solidarity: Poland in the Season of its Passion* (Fireside book: Simon and Schuster, 1982), 143.

¹⁹⁷⁰ Ibid., 144.

¹⁹⁷¹ Ibid.

December 15: the Communist and Socialist parties merged together under one Party the PZPR.

- **1949**

Stefan Wysztynski becomes Archbishop of Warsaw and Primate of Poland.

Władysław Gomułka is deprived of his posts in the government and he and his allies are expelled from the Communist Party for promoting for the idea of a Polish road to socialism.

Soviet Marshall, Konstantin Rokossowski¹⁹⁷³ appointed as Polish Minister of Defense.

COMECON is established.

- **1950**

The Polish government signs an agreement with the Catholic Church for religious toleration.

The Church agrees to support the government in exchange for its recognition of the Pope as the head of the Catholic Church.¹⁹⁷⁴

March 20: law abolishing local government and replacing it with ‘people councils.’

- **1951**

Władysław Gomułka is placed under house arrest.

- **1952**

Polish Parliament approves the institutionalization of “the leading role” of the Party in the constitution, following the Soviet-model.

- **1953**

March 5: Stalin dies and Nikita Khrushchev becomes the leader of the Soviet Union.

September: Deterioration in relations between the government and the Church, results in the government placing Cardinal Stefan Wyszyński under house arrest until 1956.

- **1954**

Władysław Gomułka is released.

- **1955**

May 14: Warsaw Pact is formed.

Poland becomes member of Warsaw pact.

¹⁹⁷² Ibid., 145.

¹⁹⁷³ Konstantin Rokossovsky changed his name to Konstantin Rokossowski. Ibid., 146.

¹⁹⁷⁴ Ibid., 146.

- **1956**

February 25: Nikita Khrushchev gives secret speech during the Twentieth Congress of the Soviet Communist Party, revealing Stalin's brutality and totalitarianist system.

March 12: President Bolesław Bierut dies in Moscow, and is succeeded by Edward Ochab as First Secretary of Polish Party.

June: Poznań workers' revolts over food, wages, and working conditions at the Zispo engineering factory; more than 60 people are killed and 300 injured.

October 17: demonstrations erupt in Hungary, and Imre Nagy returns to power and declares Hungary "neutral and democratic."¹⁹⁷⁵

"Polish October" starts a period which has been described as the de-Stalinization of Poland.

October: Władysław Gomułka is reinstalled as Party leader.

October 21: Władysław Gomułka is elected as the First Secretary of the Party.¹⁹⁷⁶

October: Government sets set up the Conference of Worker's Self-Management in big enterprises as part of its economic reform plan.

Soviet Union invades Hungary.

Leszek Kołakowski publishes *Po Prostu* (To Put Plainly).

The beginning of the revisionists' movement in Poland.
- **1957**

Formation of the new Economic Advisory Council under the chairmanship of Oskar Lange, which publishes a 'thesis' for a new economic model.

Attacks against the revisionist movement.

Closure of *Po Prostu*.

November: the All Polish Club of Progressive Catholic Intelligentsia formed.
- **1958**

Wojtyła becomes Auxiliary Bishop of Kraków.

Wajda's Film *Ashes and Diamonds*.
- **1960**

April: the government announces that the site of Nowa Huta will be used as a school instead of building a church.
- **1961**

Berlin Wall established

Church-State relations deteriorate; religious teaching is prohibited in all public schools.
- **1963**

Nowa Kultura and *Przegład* are shut down.

¹⁹⁷⁵ Ibid., 149

¹⁹⁷⁶ Ibid., 149.

The end of the political liberalization period that started after the “Polish October.”

- **1964**
October 15: Khruchev resigns as the Soviet Union’s First Secretary.
Open Letter to the Party written by Jacek Kuroń and Karol Modzelewski.
Kuroń and Modzelewski are expelled from the Communist Party.
- **1965**
Jacek Kuroń and Karol Modzelewski are sentenced to three and three and a half years in prison because of their *Open letter to the Party* that criticized Communist Party and its monopolization of the political and economic management in Poland.
- **1966**
Pope Paul VI cancels his visit to Poland.
Adam Michnik and other students demonstrated demanding the release of Kuroń and Modzelewski.
Leszek Kołakowski is expelled from the Communist Party.
- **1967**
Wojtyła becomes Cardinal.
- **1968**
March: Closing of Adam Mickiewicz’s Play “Dziady” (Forefather’s Eve).
“March Days,” students demonstrate against the repression by the state and chanted “All Poland is waiting for its Dubcek”¹⁹⁷⁷
Soviet Union invades Czechoslovakia after Alexander Dubcek becomes First Secretary of Communist Party.
A wave of anti-Semitism purges by Interior Minister Mieczysław Moczar.
Leszek Kołakowski and other professors lose their jobs at the University of Warsaw, then leave the country.
Closure of 8 departments at the University of Warsaw. Student demonstrations continue.
Kadar regime in Hungary starts its new economic reforms, aimed at decentralization, increasing trade with the West, and an active role for the private sector- a type of market socialism system.
- **1969**
Purges of liberals intelligentsia continue.¹⁹⁷⁸
Power struggle between Gomułka and Moczar intensifies.

¹⁹⁷⁷ Ibid., 154.

¹⁹⁷⁸ Ibid., 158.

- **1970**
Economic crisis forces the government to initiate a new Five-Year-Plan to 'incentivize' the system.
December 12: the government decides to increase food prices; workers' strikes spread to Gdynia, Elblag, Gdansk and Szczecin.
Strikes by coastal workers are violently suppressed, and around 200¹⁹⁷⁹ workers are killed.
Gomułka resigns because of the economic crisis, and is replaced by Edward Gierek.
- **1971**
Strikes erupt in Szczecin and Lodz.
Gierek meets with Lech Wałęsa, representative of Gdansk Shipyard.
A new Five-Year- Plan (1971-75) aims at expansion of consumer goods through massive foreign loans.
- **1973**
Polish foreign debt to the West reaches 2.5 billion dollars.
- **1974**
Strikes in Gdynia and miners' strikes in Silesia because of wage increases.
- **1975**
Helsinki Conference and Cooperation in Europe is signed by 35 nations; which among other provisions included in this Accord are "fundamental freedoms including freedom of thought, conscience, religion, and belief."¹⁹⁸⁰
Poland signs this agreement.
- **1976**
June: Gierek announces food price increases of 60 percent which lead to strikes by workers at Ursus truck plant, and in Radom.
The proposal to increase prices is canceled.
Repression against workers continues.
Poland's foreign debt to the West reaches 11 billion dollars.
The Workers Defense Committee (*KOR*) is founded by a group of intellectuals, including Adam Michnik, Jan Litynski and Jacek Kuroń.
December, workers killed in Lenin Shipyard; demands for the creation of trade union started.
- **1977**
Committee for the Defense of Human and Civil Rights (ROPCiO) is formed.

¹⁹⁷⁹ Source: Lawrance Weschler in *Solidarity: Poland in the Season of its Passion* mentioned that the number of killed people was 45, (P: 160), while in *Solidarity Source book*, the authors stated that there were 200 people killed, see Stan Persky and Henry Flam, *The Solidarity Sourcebook* (New Star Books: Vancouver, 1982): 256. Thus, the number is an estimate.

¹⁹⁸⁰ Source: Weschler 1982:162.

KOR founds *NOWA*, an underground publishing house.

November: the formation of the “Society for Scientific Courses,” the “Flying University.”

- **1978**

April 29: the formation of the Free Trade Unions of the Baltic Coast; founded by Andrzej Gwiazda, and includes Anna Walentynowicz and Lech Wałęsa.

Archbishop of Krakow, Karol Wojtyla, is elected Pope and is named John Paul II.

- **1979**

Formation of the Young Poland Movement (RMP) under the leadership of Aleksander Hall.

June: John Paul II visits Poland.

Formation of the Confederation for an Independent Poland under the leadership of Leszek Moczulski.

Creation of an underground Coastal Workers newspaper.

Robotnik is founded as an underground Journal and publishes a Charter of Workers Rights.

- **1980**

January 15: Wałęsa and eight workers activists are expelled from their jobs at Elektromontaz.

May: the arrest of members of the Young Poland Movement and the Committee for the Defense of Human and Civil Rights.

July: meat prices rise almost 100 percent.

July 11-19: workers' strikes against an increase of the price of meat in Lublin, Poznan, Warsaw, Chelmm, Krasnik, Stalowa Wola and Wroclaw.

July: several factories go on strike.

August 7: Anna Walentynowicz is dismissed from her work.

Polish foreign debt reaches 20 billion dollars.

August 14-31: more than 16,000 workers, led by Lech Wałęsa, start a general strike at the Lenin Shipyard strike.

August 16: an Interfactory Strike Committee (MKS) is established in Gdansk.

KOR involvement with *Solidarność* as an information agency to the strikers and disseminator of information to Western media.

August 17: MKS by now represents 200,000 workers.

August 17: Deputy Tadeusz Pyka is a head of a government commission to start talks with the strikers.

August 22: MKS now represents 400 work enterprises and posts its 21 demands.

August 23: first round of negotiations ends without much success.

August 25: seven advisors, including Geremek, Mazowiecki, Kowalik, Kubicki, Kuczynski, Wielowieski and Staniszkis, arrive in Gdansk to help strikers in negotiations with the government.

August 28: Lech Wałęsa asks workers to halt strikes temporarily to allow for negotiations to take place.

August 30: Wałęsa announces that an agreement has been reached in regard to the first demand, “the right for free and independent trade unions.”

Signing of the Gdansk agreement.

September: Gierek is ousted as Party Secretary and replaced by Stefan Kania.

September: First National meeting of Solidarność trade union.

September 3: Pope John Paul talks on Poland’s ‘moral right to independence, sovereignty, and self-determination.’

October: the Court in Lower Warsaw insists on the inclusion of the phrase “the leading role of the Party,”¹⁹⁸¹ in Solidarność’s Charter of Status.

Solidarność threatens the government with general strikes and gives November 12 as a deadline to resolve this problem.

November: the Court registers Solidarność without the inclusion of the phrase “the leading role of the Party.”¹⁹⁸²

November: two Solidarność members are arrested for leaking government documents contained measures for dealing with the opposition.

Monument for workers who were killed in 1970 in Gdansk is built.

Poland’s foreign debt reaches 23 billion dollars.

- **1981**

Wałęsa visits Pope II.

General Wojciech Jaruzelski is appointed Prime Minister.

March: Solidarność and peasant leaders are attacked by Security in Bydgoszcz.

March: creation of the Network (Sieć) to ensure workers’ control over enterprises.

June: Lech Wałęsa’s speech at the International Labor Organization in Geneva.

In a Kultura magazine poll, Solidarność occupies second place after the Catholic Church as the most respected institution.¹⁹⁸³

July: Bishop Jozef Glemp is named to succeed Cardinal Stefan Wyszyński as Primate of Poland.

Kania is elected as the First Secretary.

Extraordinary congress of PUPW held with the aim of ‘renewal.’

Hunger marches increase due to shortages in food supplies.

September 5: first session of Solidarność Congress, attended by 850 representatives.

September 26: second session of Solidarność Congress

September 28: KOR dissolves itself, and Wałęsa is re-elected as chairman of Solidarność.

September: the *Sejm* passes a Law on Self-management of State Enterprises, which guarantees workers’ participation in the management of state owned enterprises.

Kania resigns and is replaced by Jaruzelski.

Further deterioration in relations between Solidarność and the government.

Government media attacks on Solidarność.

¹⁹⁸¹ Source: Stan Persky and Henry Flam, *The Solidarity Sourcebook* (New Star Books: Vancouver, 1982), 257.

¹⁹⁸² Ibid.

¹⁹⁸³ Weschler 1982:187. The Communist Party ranked fourteenth. Ibid.

Establishment of the Department of Regional Economy at the Institute of Economic Science of the Polish Academy of Sciences, chaired by Jerzy Regulski.¹⁹⁸⁴

October: Solidarność calls for a one-hour general strike.

December 13: government declares a 'state of war' against Solidarność and Martial Law is imposed by the Military Council of National Council of National Salvation (WRON).

Solidarność leaders are arrested.

- **1982**

Solidarność starts its underground activities.

Provisional Coordinating Committee of Underground Solidarność is formed (TKK)

Sporadic arrests and jailing of student and Solidarność leaders.

July 6: as part of the new 'economic reform' plan, the *Sejm* passes the Law on Principles of Conducting Economic Activity in Small Industry by Foreign Corporate Bodies and Private Persons.

1,500 students attend the first anniversary of the now banned Solidarność.

Catholic Church continues with its appeal for the government to end Martial Law.

First broadcast of Solidarity Underground Radio.¹⁹⁸⁵

Demonstrations continue, but absence of general strikes because of government repression.

October 8: the *Sejm* passes new law by which all previous trade unions are disbanded.

October: Solidarność is officially banned and its property confiscated.

November: Wałęsa is released from internment.

- **1983**

June 16-23: Pope John Paul's second visit to Poland.

July: Martial Law officially ends, with many restrictions remaining intact.

July: Jaruzelski forms the Ministry of Economic Reform.

Lech Wałęsa is awarded the Nobel Peace Prize.

- **1984**

Formation of *Dziekania*, Roman Catholic opposition group (not recognized officially by the government), composed of intellectuals and headed by Stanislaw Stomma.

July: PUPW Central Party Control Commission expels Professor Adam Schaff from the Party.

October: Fr. Popieluszko is murdered by secret police for supporting Solidarność.

¹⁹⁸⁴ Jerzy Regulski, *Local Government Reform in Poland: An Insiders' Story* (Open Society Institute: Budapest, 2003), 231.

¹⁹⁸⁵ Persky and Flam 1982:259.

- **1985**
Mikhail Gorbachev becomes General Secretary of the Communist Party of the Soviet Union.
- **1986**
January, amnesty declared for limited number of political prisoners, including: Michnik, Lis, Frasyniuk, and Bujik.
November, meeting between Polish Foreign Minister Jan Kinast and United States Assistant Secretary of State Ridgway in Vienna as an attempt to start relation after U.S sanctioned Poland after its declaration of martial law in 1981.
- **1987**
May 31: a group of advisors, functionaries, intellectuals and representatives of dissolved art unions gather on an invitation from Lech Wałęsa. The groups issue a joint declaration calling for the need for political and economic change for Poland. The declaration, known as the declaration of the “sixty,” becomes a platform for Solidarność action.¹⁹⁸⁶ The second meeting of the group takes place on November 7 and another declaration is issued. These gatherings are the roots of the Citizens' Committee.
October: ‘second stage’ of economic reform is announced.
November 29: National Referendum for the ‘second stage’ plan for radical economic and socio-political reforms.
December 13: hundreds demonstrate in Gdansk supporting the banned Solidarność trade union, and marking the anniversary of the declaration of martial law in 1981.
- **1988**
February 1: the government introduces wide-ranging price increases for basic commodities as part of the ‘second stage’ plan.
February: several arrests of Solidarność leaders.
Poland’s debt is around 40 billion dollars.
March 20: eighteen members of the Polish pacifist group “Freedom and Peace” are arrested.
April: protests in Stalowa-Wola and strikes in Bydgoszcz.
April 11: the government adopts austerity measures in the national economy.
April 26: protests erupted in Lenin Steelworks in Nowa Huta.
April 29: strikes spread in many workplaces.
May 8: the third meeting of Solidarność groups (which later became the Citizens' Committee) by an invitation from Lech Wałęsa when strikes and protests erupted nationwide. The groups issued a declaration that was signed by 57 people that there could be no reform without Solidarność: “not a single of the country’s problems will be solved without Solidarność, the expression of national aspirations.”¹⁹⁸⁷

¹⁹⁸⁶ Source: *Warsaw RZECZPOSPOLITA*, “History, Membership of Citizens' Committees.” FBIS-EEU-90-137. P: 49-54. (No date has given).

¹⁹⁸⁷ *Ibid.*, 50.

July: Mikhail Gorbachev, General Secretary of the Communist Party of the Soviet Union (CPSU), starts his official visit to Poland.

August and September: strikes hurt the Polish economy badly.

August: the legalization of *Dziekania* political club, a liberal oriented political club.

September: the resignation of the Messner government and planned talks with Solidarność become imminent.

September 11: the fourth meeting of informal Solidarność groups in Gdansk. This time, members of the KKW (National Executive Committee), Rural Solidarność, and leaders of August strikes joined the group. 91 persons signed another declaration demanding the legalization of Solidarność.

October: a new government is formed, headed by Mieczysław Rakowski.

October: a new weekly journal, "Warsaw Voice," publishes its first issue in English.

October: the first issue of a new banking gazette (*GAZETA BANKOWA*) is published.

October: the registration of the Economic Society, chaired by Aleksander Paszynski.

October 5: the first conference of *Dziekania* liberal opposition political club is held, in which they present their political and economic thoughts.

November 2: Margret Thatcher, Prime Minister of Great Britain, visits Poland.

November 30: T.V debate between Walesa and Alfred Miodowicz.

December: the registration of a Human Rights Committee.

December 13: an anti-government demonstration is staged at Warsaw University.

December 15: the formalization of the informal Solidarność groups that were established in 1987. The groups transform into a political platform and became the Citizens' Committee backing Lech Wałęsa's negotiations before the 'roundtable.' The group consists of 135 members at that time. The aim of this group of representatives of the opposition and intellectuals was the creation of a civic committee attached to Lech Wałęsa.¹⁹⁸⁸

December 15: the establishment of the Local Government Commission led by Jerzy Regulski.

December 18: Solidarność Citizens' Committee reached a membership of 232 members.

December: the 10th PZPR Central Committee Plenum begins.

December 23: the *Sejm* passes a Law on Business Activity.

- **1989**

January: *Postep i Demokracja* (Progress and Democracy) association is registered. The first annual congress of 'Progress and Democracy' is held in Warsaw on 4 February. The congress elects Stanislaw Kuszewski as its chairman.

January: *Kuznica*, a new leftist Intellectuals Association, is established, and is chaired by Hieronim Kubiak.

January 31: new association, the Society of Industrialists, is established

¹⁹⁸⁸ The history of Solidarność Citizens' Committee was discussed in chapter six. See the reference sections for reports related to Solidarność Citizens' Committee.

February 2: the third PUWP Nationwide Theoretical and Ideological Conference in Warsaw begins.

February- April: 'roundtable' talks between Solidarność and government.

February 6: the opening of the 'roundtable' negotiations between the government-coalition side and the Solidarność-opposition side.

April 5: the 'roundtable' agreements are signed; legalization of Solidarność.

April: registration and re-legalization of the Solidarność trade union.

April 7: Warsaw *TRYBUNA LUDU* publishes the 'roundtable' agreements.

April 24: Solidarność Citizens' Committee publishes its election platform in which it asks all citizens to participate and take part in the upcoming Senate and *Sejm* elections. The election platform includes, among other demands, the sovereignty of the republic, independence of the courts and independence of enterprises (return to chapter five to see their electoral program in details).

May: first issue of two new weeklies, *ZMIANY* (changes), a self-management weekly, and *RONDO* (roundabout), are published.

May: first issue of Solidarność *GAZETA WYBORCZA* is published. Adam Michnik is its editor in chief.

May: Solidarność publishes its weekly '*TYGODNIK SOLIDARNOSC*', No 1/38 after eight years of Solidarność's illegalization. 38 is the number of the issue which was supposed to be published on December 13, 1981. Tadeusz Mazowiecki was its editor in chief since 1980.

May 17: the *Sejm* passes several bills on Church-State matters.

June 4: first round of Parliamentary elections for the *Sejm* and the Senate. Solidarność defeats the PZPR.

June 18: second round of the *Sejm* and the Senate elections.

June 23: Senators and Deputies of Solidarność found the Solidarność Civic Parliamentary Club headed by Professor Bronisław Geremek.

June 28: the government and the Catholic Church sign an agreement which allows the Roman-Catholic Church to air religious, moral and cultural programs on the radio and T.V.

June: strikes in different parts in Poland demanding pay increases.

July 1: government freezes prices and wages for one month due to deterioration in the economy.

July 3: Adam Michnik publishes his article, "Your President Our Premier," in *GAZETA WYBORCZA* (Election Gazette)

July 4: inaugural meetings of the first semi-democratic *Sejm* and the newly established Senate.

July 9: President George Bush visits Poland.

July 17: two agreements are signed between the United States and Poland, one to supply Poland's market with agricultural products and the other to establish a joint commission for humanitarian aid.

July 19: General Jaruzelski is elected President of Poland.

July 28: Central Committee 13th Plenum is held.

July 29: General Jaruzelski resigns as the first Secretary of the Party and is replaced by Rakowski.

August 2: appointment of Czesław Kiszczak as the new Prime Minister.

August 7: Wałęsa's proposal to form a government from Solidarność, the United Peasant Party and the Democratic Party, in which he refused the appointment of Czesław Kiszczak as Prime Minister and suggested a Solidarność member instead.

August: waves of strikes erupt throughout Poland.

August 17: Czesław Kiszczak sends a letter to General Jaruzelski to recall him from the post of Prime Minister.

August 19: Tadeusz Mazowiecki is selected as a candidate for the Prime Minister's position.

August 24: Czesław Kiszczak's resignation is accepted by the *Sejm*.

August 24: *Sejm* session elects first non-Communist Prime Minister, Tadeusz Mazowiecki.

September: appointment of Władysław Baka as the head of the Polish National Bank.

September 13: approval of Mazowiecki's new government.

September 15: first private weekly called the *WIELKOPOLSKA GAZETA HANDLOWA* (WIELKOPOLSKA Commercial Gazette), is published in Poznań.

September 18: a founding Act of Local Democracy Development Fund is signed. Initiators of this act were Senators Andrzej Celinski, Aleksander Paszyński, Jerzy Rogulski and Jerzy Stepien and Deputy Walerian Panko.¹⁹⁸⁹

September 19: signing of an agreement for economic and trade cooperation between the EC and Poland which is considered a new step toward bridging the gap between Eastern and Western Europe.

September 20 a decision made by the Presidium of the Central Control and Audit Commission of the PUWP, to restore the membership of Professor Adam Schaff.

September 25: Tadeusz Mazowiecki appoints Jerzy Regulski as the government plenipotentiary for institutional reform of Self-Government.

September 25: a new institution, the (PRSPW), is established for the transformation of ownership structure.

September: the United Peasant Party changes its name to Polish Peasant Party, referring to its old name.

October 3: 15th PZPR Central Committee Plenum is held in Warsaw.

October 9: Polish debt rescheduling with FRG is signed and postponed till 1997.

November: first commercial radio station broadcasts. This new 'radio market' is owned by the Digi-Sound Company.

October 25: Gorbachev abolishes 'Brezhnev Doctrine.'

December 17: Leszek Balcerowicz reveals the 'Balcerowicz Plan,' an economic radical economic reform plan aimed at restructuring Poland's economy from a centrally planned economy model to a free market, capitalist economic model.

December 27: the *Sejm* passes the Balcerowicz Plan.

December 28: several reform laws are passed by the *Sejm* in accordance with 'shock therapy,' 'Balcerowicz Plan' for radical restructuring of the Polish economy.

¹⁹⁸⁹ Source: *Warsaw PAP*, "Local Democracy Development Fund Founded." FBIS-EEU-89-180. 19 September 1989. P: 56.

December 28: the *Sejm* approves an unemployment law among other draft economic laws within the Balcerowicz program. Two major laws are adopted, the first related to unemployment and ways to find jobs and increase the qualification of workers. The second law is “on special principles of dissolution of an employment due to reasons concerning work establishment.”¹⁹⁹⁰

December 29: amendment to Poland’s constitution, abolishing the “leading role of the Communist Party.” This marks the end of the era of state socialism and the collapse the Communist Party.

- **1990**

January 1: commencement of the Balcerowicz Plan of economic transformation.

Balcerowicz’s visit to France to discuss Poland’s debt relief.

January 1: Poland is entered in the general system of preferences in EEC.

January 2: Tadeusz Mazowiecki receives ‘peace award.’

January 3: anti-nuclear hunger strikes by Gdansk students continue against the construction of a nuclear power station in Zarnowiec.

January 8: group of student members of the Independent Student Union (NZS) occupy the headquarters of the PUWP (Polish United Workers Party), Voivodship committee in Bialystok. The students demand the socialization of PZPR property and its redistribution among the ministries of education, culture and science.

January 16: Zdzislaw Najder of Radio Free Europe (RFE) is acquitted and cleared of accusations of spying and his citizenship is reinstated.

January 17: groups of young people occupy the building of PZPR in Poznan Voivodship.

January: strikes erupt at five mines (Czerwone Zagłębie, Niwka Modrzejow, Thorez, Walbrzych and Victoria) demanding pay rises and reaffirming of privileges.

January 27: final issue of the *TRYBUNA LUDU* is published. *TRYBUNA LUDU* was the publishing organ of the Polish United Workers Party (PZPR).

January 27: the Polish United Workers’ Party (PZPR) 11th Congress; PZPR is dissolved. A new left party, the Social Democracy of the Republic of Poland, is established, replacing PZPR.¹⁹⁹¹ Aleksander Kwaśniewski is the leader of the new party.

January 27: Alfa publishing house publishes secret documents in regard to the 1939 Soviet-German non-aggression pact, which was known as Ribbentrop-Molotov pact.

January 29: the first issue of *TRYBUNA KONGRESOWA*, the new daily for the new Polish Left Party, the Social Democracy of the Republic of Poland.

PO PROSTU reappears as an independent Weekly.

¹⁹⁹⁰ Source: Warsaw PAP, “Government Approves Draft Economic Laws.” FBIS-EEU-90-003. 4 January 1990. P: 69.

¹⁹⁹¹ To see PZPR a full declaration that concluded by the dissolution of PZPR, and to the establishment of a new Social Democratic Party, see Warsaw *TRYBUNA KONGRESOWA*, “SDRP Party Presents Founding Declaration.” FBIS-EEU-90-028. 9 February 1990. P: 67-68. And to see the “Statutes of Social Democracy of the Republic of Poland” return to *TRYBUNA KONGRESOWA*, “Congress Adopts Statute.” FBIS-EEU-90-030. 13 February 1990. P: 57-60.

January 29: *GAZETA GDANSKA*, a new daily associated with Solidarność and the Liberal Congress in Gdansk, starts publishing in Gdansk in mid-February.

January 31: the Parliamentary Floor Group of the former PZPR changes its name to the Parliamentary Floor Group of the Democratic Left Wing.

February: the broadcast of the first commercial, private television channel, TV-Echo.

February: an agreement between Poland and 17 countries of the Paris Club IS signed in regard to rescheduling Poland's debt to the Paris Club, which amounts to 27 billion dollars.

February: a new Party, the Polish Economic Party (PPE), is established in Poznan.

February 12: the first issue of *TRYBUNA*, a new journal of the Social Democracy of the Republic of Poland (SdRP) is published, replacing *TRYBUNA LUDU* (PZPR paper) and the *TRYBUNA KONGRESOWA* (paper issued during PZPR party Congress). The new paper's editor-in-chief is Marek Siwiec.

April: the first Polish Periodical for Unemployed people *POSREDNIAK* is published.

February 16: the Liberal Democratic Congress (KLD) is formed.

February 20: Youth for Democracy Movement is formed by young democrats.

February 22: President of the National Bank of Poland (NBP) Wladyslaw Baka and the President of the World Bank Barber B. Conable and Finance Minister-Deputy Prime Minister Leszek Balcerowicz sign two agreements. The first concerns 260 million dollars assigned for the development of Polish industrial products. The second is for 100 million dollars to help develop the agricultural-food sector.

February 28: the Democratic Party (SD) chairman, Jerzy Jozwiak, resigns and the Internal Trade Minister, Aleksander Mackiewicz, is elected new chairman of the SD.

March 14: the Council of Europe Information and Documentation opens its office in Warsaw.

March 20: first issue of a new weekly, *WOKANDA* (cause list), is published. In the first issue lawyer Jan Olszewski (who would become later Prime Minister) writes about legal matters and changes in the Internal Affairs Ministry.

March 22: the *Sejm* passes a law on Self-Government for employees.

March 27: the Fifth National Forum of Workers Self-Management Bodies is held in Zielona Gora.

April 1: a demonstration by *Polska Partia Niepodleglosciowa* (Polish Independent Party) is held in Gdansk demanding full independence of Poland from Soviet domination – referred to as '*debolszewizacja*' it urged for economic independence from the West and rejected the 'Balcerowicz Program.'

April: the *Sejm* approves the draft law on the State Protection Office (UOP) which will replace the Security Service. The major goals of this Office as envisioned by the *Sejm* are to handle the issue of terrorism, identify threats to the security of the state, and detect crimes of espionage.

April: the Act of Winding up the *Prasa-Ksiazka-Ruch*- RSW (the Workers Publishing Cooperative) comes into an effect.¹⁹⁹²

April 11: the *Sejm* votes to abolish censorship, with no votes against and 266 for..

April 12: new opposition political party, called *Ruch Wolnych Radykalow* (Movement of Free Radicals), is established in Krakow. April 17: a new periodical, *POSREDNIAK*, for unemployed persons, edited by journalist who have lost their jobs. The new journal's major concern is with the issue of unemployed people and their rights.

April 19: Municipal Gdansk transport workers go on strike demanding pay rises.

April 19-25: Second National Solidarność Congress commens in Gdansk, attended by Lech Wałęsa and President Tadeusz Mazowiecki. Walesa re-elected Solidarność chairman with 362 votes, equal to 77.5 percent of valid votes.

April 23: a protest by the Ecological Forum of the tri-city (Gdansk, Gdynia, and Sopot), asking for a referendum to be conducted in regard to the construction of a nuclear power plant in Żarnowice.

May: a new weekly called *NOWE WIESCI* (New Tidings) starts in Krakow.

May 7: Balcerowicz meet in Washington with 152 countries of the World Bank and the International Monetary Fund (IMF) to discuss Poland's debt reduction.

May 12: the Centre Agreement (*Porozumienie Centrum*- PC) party is formed in support of Lech Wałęsa's Presidency.

May: railway workers strikes in different parts of northern Poland, in Słupsk, Koszalin, Kolobrzeg, Białogard, Szczecinek, Stargard Szczeciński, Szczecin-Dąbie, Szczecin Port Centralny, Szczecin Główny (Central passenger station in Szczecin), Krzyż, Pila, Inowrocław, Włocławek, Chojnice, Goleniów, Gorzów Wielkopolski, Gdynia-port, Gdynia Główna Osobowa (city's main passenger station), Bydgoszcz-Wschód, Tczew and Żajaczkowo Tczewskie. Wałęsa asks workers to end the strikes.

May 27: local elections are held for the first time through free and direct vote, for 2,383 councils of rural communities.

May 31: Results of local government elections are published. 11,380,62 voted 42,27 percent of eligible voters. Solidarność wins the majority of seats.

June 6: a law on abolishing censorship comes into effect. Bodies that were responsible for censorship, including, the central inspectorate, are to be dissolved.

June: *Forum Prawicy Demokratycznej* (Democratic Right Forum-FPD) is founded.

July 6: Prime Minister Tadeusz Mazowiecki announces a reshuffle to his cabinet.

July 8: the first Congress of the Communist Party, the "Proletariat." The first Congress is attended by 1,800 people and elects Jan Ziliński as its chairman.

July: The Citizens Movement for Democratic Action (ROAD) is founded.

July: the formation of the Ministry of Ownership Transformation (Privatization).

¹⁹⁹² To see the full content of RSW winding Act, return to *Warsaw RZECZPOSPOLITA*, "Statute Winding up RSW Comes Into Effect." FBIS-EEU-90-077. 20 April 1990. P: 48-49.

August 18: registration of the union for Real Politics headed by Janusz Korwin-Mikke.

September 21: resolution passed by the *Sejm* to shorten the term of office for the *Sejm*, the Senate and the President office.

October 21: the publication of a new monthly bulletin by the National Bank of Poland concerned with the economic and banking system.

November 25: first round of Presidential Elections, Wałęsa wins the majority of seats.

December: registration of a new 'Free Democrats Party.'

December 2: The Democratic Union is established headed by Tadeusz Mazowiecki.

December 6: Poland Union of Real Politics officially registered themselves as the Conservative-Liberal Party.

December 9: second round of Presidential Elections. Lech Wałęsa wins.

December 14: Polish Parliament accepts Mazowiecki's resignation with 224 votes for, 16 votes against, and 122 abstentions.

- **1991**

January 4: Jan Beielecki is formally confirmed as Prime Minister and forms his government soon after.

January: the *Sejm* appoints the economist Grzegorz Wojtowicz to the office of president of the National Bank of Poland

January 26-27: First congress for ROAD movement is held; Wladyslaw Fransyniuk is as its chairman for two years term.

February 14: more than 2,000 miners march in front of Presidential Palace (Belvedere) against the economic situation and deteriorating living standards.

February 18: farm workers go on strike in Rzepin in Western Poland.

February 23-24: Solidarność Third National Congress.

February 28: formation of a new party, the Polish Christian-Democratic Forum (PFCh-D). The new party is chaired by Maciej Wrzeszcz.

March 5: the formation of a new political party supporting Lech Wałęsa, called "Victoria-United Election Staffs of Lech Wałęsa."

March 13: registration of new political party by former presidential candidate, Stanislaw Tyminski, called "Party X."

March 17: Jozef Lipski resigns from the Polish Socialist Party (PPS).

March 23: Jozef Lipski returns to the post of the Polish Socialist Party chairman.

March: several political parties are registered, including the Movement of the New Poland (Ruch Nowej Polski), "Eagle, Truth, Freedom" in Lodz, "the Social Democratic Union of Greater Poland in Poznan, "Christian Democrats," "Polish Ecological Party (Stronnictwo), "the Good Management and Work," the Democratic-National Party (Stronnictwo Demokratyczno-Narodowe) and the "Rota" Political Movement of Patriots of the Republic of Poland in Random, and "Polish Party of Greens and Labor" in Szczecin.

April: Warsaw Stock Exchange established.

April: ROAD (Citizens' Movement for Democratic Action) is dissolved and a new movement emerges - *Ruch Demokratyczno-Społeczny* (Democratic Social Movement).

April: Registration of Party of the New Right, headed by Romuald Szeremietew. This party was against the 'roundtable' talks and advocated the removal of all communists and *nomenklatura* from state institutions.

April 20: the Paris Club reduces Poland's foreign debt by 50 percent after intense negotiations (Poland aimed to reduce it to 80 percent).

May: a new non-party organization is formed, "the Club of the Polish Right Wing," headed by Piotr Piesiewicz.

May 11-12: unification of three groups that split from Solidarność - ROAD (Citizen's Movement for Democratic Action); the Democratic Union; and Forum of the Democratic Right - under a unified single party named "Democratic Union," in a unification congress in Warsaw. Tadeusz Mazowiecki is appointed as the chairman.

May 11-12: the first congress of Party X. Stanisław Tyminski is elected as its chairman.

May 15: Central School of Planning and Statistics is renamed Warsaw School of Economics.

May 22: Nationwide Solidarność day of protest against government's economic program policy. More than 10,000 Solidarność members urge the government to accelerate decommunization (the removal of former communists from government posts) and modify its stringent economic policies.

June 1: Pope John Paul II visits Poland for the fourth time.

June: a special economic police is established [under the instruction of President Lech Wałęsa] to combat economic corruption and fraud, headed by Police Commander Leszek Lamparski.

June 15: First Congress of the Democratic-Social Society (TDS) is held; chaired by Zbigniew Bujak.

June 28: COMECON is formally disbanded.

July: Warsaw Pact is officially dissolved in Prague.

July: Warsaw Exchange Stock opens.

July 26: law on personal income taxation is passed.

September: preparation for the *Sejm* and the Senate elections by more than 150 political parties.

October: the Council of the OPZZ (All Poland Alliance of Trade Unions) accepts the resignation of its leader Alfred Miodowicz.

October 27: elections for the *Sejm* and the Senate.

November 26: the European Bank of Reconstruction and Development (EBRD) grants Poland two loans, 62.2 million dollars in total. These loans are aimed at developing the Polish telecommunication sector.

December: the resignation of the Jan Bielecki government is submitted to the *Sejm*.

December 6: former Solidarność lawyer, Jan Olszewski, is elected as the new Prime Minister.

December 16: Poland signs an association membership agreement with EC (European Community).

December 17: Jan Olszewski submits a resignation letter to the Council of Ministers due to difficulties in reaching consensus about the formation of the new cabinet.

December 18: the *Sejm* rejects Jan Olszewski's resignation, with 214 deputies voting against it, 132 for, and 73 abstentions. Olszewski's formed his government.

December 23: the *Sejm* accepts Jan Olszewski government

- **1992**

January: the government establishes a new body called the Socio-economic Committee of the Council of Ministers (KSERM), which replaces the Government Economic Committee (KERM). The new body of KSERM is chaired by the head of the Central Planning Office (CUP), Jerzy Eysymontt.

February 12: the Socio-economic Committee (KSERM) approves the government privatization program conveyed by the Ownership Transformation Ministry. The program "covers privatization projects for the coming 2-3 years and includes both proposals of new measures to speed up and develop privatization and the continuation of the privatization process initiated in 1991."¹⁹⁹³

February: Finance Minister Karol Lutkowski resigns.

February 22-23: Liberal Democratic Congress holds its third national convention in Warsaw. Donald Tusk is elected as the chairman of the Congress.

February 23: local government elections are held. Most seats are won by independents not supported by any political party.

February 26: Prime Minister Jan Olszewski presents the government's socioeconomic proposals for 1992 to the *Sejm* and which are described as "an attempt at a rescue maneuver and to halt the destructive forces in the economy."¹⁹⁹⁴

February 28: the *Sejm* approves the candidacy of Andrzej Olechowski to the post of Minister of Finance. Olechowski is an economist and advocate of strict monetary discipline. He was a deputy minister of foreign economic relations and former vice president of the National Bank of Poland (NBP). He also worked two years for the World Bank.¹⁹⁹⁵

March 5: the *Sejm* rejects the government socioeconomic program for 1992, with 138 deputies for the proposal, 171 against it and 38 deputies abstaining.

April: Minister of National Defense, Jan Parys, accuses some politicians of trying to use the Army for political ends. This event is termed as the "Parys affair."

April: Olszewski's government fails to broaden its parliament coalition and the reconstruction of the government.

¹⁹⁹³Source: Warsaw PAP, "Details on Privatization Plan." FBIS-EEU-92-030. 13 February 1992. P: 11.

¹⁹⁹⁴Source: Warsaw PAP, "Olszewski Presents Socioeconomic Proposals to Sejm." FBIS-EEU-92-038. 26 February 1992. P: 19.

¹⁹⁹⁵Source: Warsaw PAP, "Cabinet Members Profiled." FBIS-EEU-93-206. 27 October 1993. P: 13.

April 24: mass protests of 70,000 workers are organized by Solidarność against the rise of energy prices and the status of the economy.

May 6: Visegard GG-3 Summit in Prague ends.

May 6: Finance Minister Andrzej Olechowski submits his resignation, stating that it was “an expression of protest against the way public finances were treated in Poland and was not gesture directed against Premier Jan Olszewski.”¹⁹⁹⁶

May: Jan Parys, Minister of Defense, resigns.

May 28: the *Sejm* approves a resolution to reveal the lists of officials who collaborated with the Security Service (SB) during Communist rule, with 186 votes in support, 15 against, and 32 abstentions.

May 29: a motion for a vote of no confidence is signed by 65 deputies from the Democratic Union (UD), the Liberal-Democratic Congress (KLD), and the Polish Economic Programme (PPG), and submitted to the *Sejm*. The motion reads: “the lack of the government’s harmonious cooperation with parliament and the president has in effect caused a growing conflict at the highest levels of the state. This leads to the deepening of a crisis which degrades Poland in internal and international dimension.”¹⁹⁹⁷

June 4: the *Sejm* votes on no confidence in the Olszewski government with 273 votes for, 119 votes against and 33 abstentions. A new Prime Minister nominated.

June 5: Waldemer Pawlak is nominated as Prime Minister.

June 5: the *Sejm* approves the government’s privatization program for 1992 in which 250 state-owned enterprises will be commercialized and 400 to 600 state firms will be privatized by the end of July.

June 12: the Fourth Solidarność National Congress is held in Gdansk, Mairan Krzaklewski is elected chairman of Solidarność with 137 votes. The Congress is attended by former Prime Minister Jan Olszewski.

June: new political parties are registered, among them: the Party of Survival (PP); the Catholic Block in Support of the Republic (KBWR); the Movement of the Third Republic (RTR); and the Party of Polish Democrats (PPD)

July 2: Waldemer Pawlak is unable to form the cabinet. A new Prime Minister, Hanna Suchocka, is elected

July 10: the *Sejm* accepts Waldemer Pawlak’s resignation with 286 votes for, 11 against and 107 abstentions.

July 10: the *Sejm* approves the nomination of Hanna Suchocka as Prime Minister with 233 votes for, 61 against, and 113 deputies abstaining.

July 11: the *Sejm* approves the composition of the Suchocka government by 226 votes for, 124 against and 28 abstentions.

July: waves of strikes erupt across Poland.

August 20: a new trade union, ‘Kontra,’ is registered.

August 26: 5000 Ursus Plant workers demonstrate in front of the Belwede Palace.

¹⁹⁹⁶ Source: Warsaw PAP, “Olszewski Accepts Resignation.” FBIS-EEU-91-089. 7 May 1991. P: 24.

¹⁹⁹⁷ Source: Warsaw PAP, “Sejm Deputies Call for Vote of No Confidence.” FBIS-EEU-92-105. 1 June 1992. P: 27.

September 16: the European Parliament approves the treaty of Poland's association with the European Community.

October 10: the *Sejm* approves Suchocka's social and economic plan, with 171 votes for, 159 votes against, and 8 abstentions.

October 15: the Senate approves Suchocka's social and economic program, with 58 for, 8 against, and 1 abstention.

November 17: President Lech Wałęsa signs the 'small constitution.'

December 6: a new party, the Conservative Party (PK), is formed, founded by the Forum of the Democratic Right (FPD), Republican Coalition and splinters from the Liberal Democratic Congress (KLD). The new party stresses the importance of respecting Poland's 'Christian heritage.' Aleksander Hall is elected as its chairman.

December 9: the Council of Ministers adopts a privatization program entitled, 'the basic direction of privatization in 1993.'

- **1993**

March: the *Sejm* passes the Acts on Financial Restructuring of Enterprises and Banks.

March: agreement with London Club is concluded.

April 30: law on the establishment and privatization of the NIFs.

May: the government of Suchocka falls with a vote of 'no confidence' by the *Sejm*.

May 18: Polish Privatization Law (PPP) is signed.

July 21: Poland signs an 'indicative programme' with the EC.

July 22: the World Bank approved two loans for Poland for a total of 750 million dollars.

September 19: elections to the *Sejm* and the Senate result in a defeat for Solidarność and the victory for the SLD and PSL parties.

October 13: the Democratic Left Alliance (SLD) and the Polish Peasant Party (PSL) sign a coalition accord.

October 18: resignation of Suchocka government.

October 19: Waldemar Pawlak, Polish Peasant Party (PSL), is nominated as Prime Minister.

October 25: a new government headed by Waldemar Pawlak is formed.

November 11: four right-wing parties (the Party of Christian Democrats, the Conservative Party, the Peasant Christian Party and the Union of Real politics) sign a cooperation agreement.

November 30: BBWR (Non-Party Reform Bloc) association is registered as a political group in the Warsaw Provisional Court.

December 24: the government adopts the 1994 budget bill.

- **1994**

February: Solidarność announces nationwide strikes against the government's economic policy.

April 8: Poland officially submits its application for membership in the EU (European Union).

- **1995**

January 5: the presidium of the Solidarność National Commission urges President Lech Wałęsa to veto the 1995 budget law.

January: Foreign Minister Andrzej Olechowski submits his resignation.

January 30: KERM (the Economic Committee of the Council of Ministers) approves the program for restructuring and privatization of the petroleum sector.

February 7: the Democratic Left Alliance (SLD) proposes to Prime Minister Pawlak to step down and proposes that the *Sejm* Speaker, Jozef Oleksy, takes over the position of premier.

March 1: no-confidence resolution passed by the *Sejm* on the Council of Ministers headed by Waldemar Pawlak.

March 28: the government presents two bills: one on the compensation or reprivatization for previous owners who lost their property during the period from 1944 and 1962. The other bill was about commercialization and privatization.

April 2: Solidarność chairman Marian Krzaklewski sends a letter to President Lech Wałęsa demanding a halt to capital privatization, and urges the government to implement the Enterprises Pact that was agreed with Solidarność representatives.

April 2: new movement, the Liberal-Conservative Movement (*Ruch Liberalno-Konserwatywny*), is founded by Czesław Bielecki, a journalist. Among its members are, Gustaw Herling-Grudziński, Wiktor Kulerski, Andrzej Olechowski, Paweł Moczydłowski, Jerzy Marek Nowakowski, Marek Nowakowski, Krzysztof Piesiewicz, Arkadiusz Rybicki, Jan Winiecki, Michał Kulesza, and Dariusz Fikus.¹⁹⁹⁸

April 1-2: the second national congress of the Freedom Union (UW) is held. Leszek Balcerowicz is elected as a leader for the UW, replacing Tadeusz Mazowiecki.

July 3: Solidarność begins a strike in the railroad of the four *Nadwisłansk Coal Copany* (NSW) mines - Brzeszcze, Piast, Jaworzno, and Ziemowit.

November 19: presidential elections are held and Aleksander Kwaśniewski is elected.

December 23: Aleksander Kwaśniewski is sworn in as president and delivers his inaugural speech.

December 26: formation of new commission to supervise the activities of state bodies, with 350 deputies of the *Sejm* voting for the creation of this new body. One of the major goals attributed to the formation of this new commission was to initiate an investigation of the Oleksy case. The Commission was headed by Lucyna Pietrzyk (PSL), with Bodgan Borusewicz (UW) as her Deputy. The Commission was composed of the following members: Ryszard Bugaj (UP); Jerzy Ciemniewski (UW); Andrzej Grzyb (PSL); Tadeusz Iwinski (SLD); Włodzimierz Nieporet (SLD); Waldemar Pawlak (PSL); Zdzisław Pisarek

¹⁹⁹⁸ See FBIS report, "Liberal-Conservative Movement Founded." FBIS-EEU-95-096. 11 April 1995. P: 16-17

(BBWR); Dariusz Wojcik (KPN); Janusz Zlemke (SLD); and Andrzej Zelazowski (SLD).¹⁹⁹⁹

December 27: Aleksander Kwaśniewski assumes his official duties in Namiestnikowski Palace.

- **1996**

January 5: Stanislaw Dobrzanski is appointed as the new Defense Minister.

January: Professor Marek Belka is appointed as the President's Economic Advisor.

January 14: Lech Wałęsa, former President of Poland and former Chairman of Solidarność, return to Gdansk as a Solidarność consultant.

January 22: Jacek Kuroń and Karol Modzelewski publish a new *Open Letter to Political Parties* dealing with Poland's political crisis that intensified during the Presidential elections and brought about accusations about security file revelations, media leaks and KGB collaboration.

January 24: Józef Oleksy hands in his resignation after accusations from the Minister of Interior Affairs in front of the *Sejm*.

January 27: less than a week after his resignation, Oleksy's party, the Social Democratic Party (SdRP), unanimously votes by 308 votes out of 325²⁰⁰⁰ in support of his appointment as the new leader of the Party.

February 1: President Aleksander Kwaśniewski designates Włodzimierz Cimoszewicz as Prime Minister.

February 2: the Foundation of the Lech Wałęsa Institute is established and registered in Warsaw District Court as a non-profit organization headed by former President Lech Wałęsa.

February 18: Mass Privatization referendum is held. This referendum was agreed upon during Wałęsa's Presidency.

February 25: unification between two factions of the Polish Socialist Party (PPS) takes place. Jan Mulak is elected as Chairman of the Supreme Council of the new Polish Socialist Party (PPS).

February: a new draft law on political parties is prepared by the Polish Peasant Party (PSL) and submitted to the *Sejm*, proposing that a political party should have a membership of 10,000 members to remain in the political scene. In 1996, there were only five major parties that had over 10,000 members: the Polish Peasant Party (PSL); Social Democracy for the Polish Republic (SdRP); the Confederation for an Independent Poland (KPN); the Movement for the Reconstruction of Poland (ROP); and the Freedom Union (UW), see **Appendix 7** for more details.

April 12: the *Sejm* passes a law on consolidation of banks, in which banks whose capital is owned by the State Treasury, and state-owned companies and shareholder companies, will merge according to the new law, to consolidate their capital.

¹⁹⁹⁹ Source: Warsaw GAZETA WYBORCZA, "Sejm Sets Up Commission on Oleksy Case." FBIS-EEU-95-250. 29 December 1995. P: 44-45.

²⁰⁰⁰ Source: The Economist Intelligence Unit (EIU): Poland Report 1996, No.1, P: 8.

April 12: the Office of State Protection (UOP) ends its investigation into the so-called 'Oleksy case.'

April: the investigation into the "Oleksy affair" concludes that all allegations against Oleksy were unfounded and not proven. However, Oleksy was forced to resign after massive media attacks.

April: the *Sejm* passes the government social security reform project.

May: Solidarność Chairman Marian Krzaklewski is arrested by Belarusian Security Service in Minsk during his visit to Belarus at the invitation of the Belarusian Free Trade Union.

May 3: ROP (The movement for the Reconstruction/Regeneration of Poland) adopts its platform under the title "A Contract with Poland." In this program ROP offered a 20 points for "Moral and Civil Regeneration of the County." To read their program and its critics, see *Warsaw POLITYKA*, "Poland: ROP Program Critically Evaluated." FBIS-EEU-96-119. 19 June 1996. P: 53-55. The program called for a new type of 'lustration,' an "economic lustration."

June: decision made to close Gdansk Shipyard and declare the plant bankrupt. Solidarność planned to protests against this decision.

June 12-13: a two- day sit-in strike start at Gdansk Shipyard.

June 12: the *Sejm* accepts a motion by UW (Freedom Union) demanding a report by the government in regard to the government's decision to shut down the Gdansk Shipyard.

June 14: the *Sejm* passes a law on the State Civil Service.

June 18: the government adopts the "Directions of Anti-Inflation Measures in the Years 1996-97."²⁰⁰¹ The document projected 17 percent inflation for 1996, and 13 percent inflation rate for 1997.

June 19: the *Sejm* Constitution Commission completes a draft for the new constitution.

June: Colonel Stanislaw Hoc is appointed the head of the Analysis and Information Bureau of the Office of State Protection (UOP).

June 19: Polish draft constitution is published.²⁰⁰²

July 11: the government approves the basic assumptions of the 1997 budget and expenditure.

July 11: protests against the dismissal of Gdansk provisional governor Maciej Plazynski by representatives of local government, the mayors of Gdansk, Gdynia, and Sopot.²⁰⁰³

²⁰⁰¹ Source: *Warsaw GAZETA WYBORCZA*, "Poland: Government Adopts Anti-Inflation Package." FBIS-EEU-96-122. 24 June 1996. P: 62.

²⁰⁰² Polish Draft Constitution published in Warsaw RZECZPOSPOLITA in June 21, 1996. To see the full version of this draft, see FBIS Supplementary Report, Warsaw RZECZPOSPOLITA, "Polish Draft Constitution." FBIS-EEU-96-135-S. 12 July 1996. P: 1-23.

²⁰⁰³ Most information, in particular, from the year of 1988 until 1996 was taken from FBIS daily-translated reports of Poland as mentioned before. For further details about specific event or data, return to FBIS reference section.

Appendix 2: Center Agreement Declaration²⁰⁰⁴

Center Agreement Declaration May 12, 1990

The passivity and apathy of our society, which are manifested in many areas of the country through elections to the self-government bodies, are increasing. The political and social situation in Poland is approaching a turning point. Either an acceleration in systemic changes bringing about full democracy, complete independence, and radical ownership transformations in the economy will occur, or the current political system will be preserved, which maintains the communist inheritance and forsakes the opportunity created many years of struggle by our society, which rallied around the ideas and movement of Solidarity, for freedom and independence.

The roundtable compromise has already become obsolete by now. The operation of the Sejm, which is entangled in the interplay of private interest, is becoming increasingly difficult. The post-communist nomenklatura hampers the processes of streamlining the economy. Institutional and legal arrangements are incomplete. Under the circumstances, the efforts of Prime Minister Tadeusz Mazowiecki, who enjoys the support of the public, cannot be fully effective.

This cannot go on. We are in favor of a resolute acceleration of systemic changes.

At the moment, international conditions offer us great opportunities of the Citizens' Committees and political groups, come from different communities and have different have different political orientation. However, we are united by our ties to Solidarity and its ethics of action, deferring to the values of Christian ethics, and the conviction that it is necessary to create a strong political center in Poland as a factor of balance and political innovation.

We support:

- Moving up free elections to the parliament. A new Constitution should be adopted by a new parliament constituted at the latest in the spring of next year through free and democratic elections, a parliament representing the actual balance of political forces in the country.
- Moving up presidential elections. We believe that Poland needs a president who is an actual co-creator of change. His personality should provide a credible guarantee of resolute implementation of democratic systemic changes. We believe that the candidacy of Lech Walesa who unites our society in a fight for freedom and solidarity would provide such a guarantee.
- A fundamental restructuring of the economy through rapid ownership changes and breaking up the existing monopolies. We believe that arrangements should be introduced which ensure the development of enterprises, industriousness, and capital. The process of privatization should bring about the diffusion of property.

²⁰⁰⁴ Centre Agreement (Porozumienie Centrum- PC) party formed in support for Lech Wałęsa in May 12, 1990. The box presents "Center Agreement Declaration" published in Warsaw *TYGODNIK SOLIDARNOSC*. Source: *Warsaw TYGODNIK SOLIDARNOSC*, "Centrists Issue Political platform." FBIS-EEU-90-113. 12 June 1990. P: 41-43. The "Text" was taken literally from FBIS translated report.

- Speeding up the process of creating genuine political pluralism.

We believe that the emergence of a vigorous civic society depends on creating the guarantees of pluralism. Citizens' Committees which are a part of the extensive and varied Solidarity movement, and political parties and groups should play an important part in shaping it. If the committees were to become an instrument of one political orientation this would endanger the basic sense of systemic changes. The Citizens' Committees should facilitate the restoration of a multiparty political system by working out their own positions and opting for various orientations in an unrestricted manner.

- Beginning an open public debate on the direction of constitutional arrangements....

The Center Agreement will resolutely oppose the preservation of special interests and the monopolization of power of Polish politics. The Agreement is open to all people and democratic political forces which desire to contribute to creating a center political entity. At the same time, we express our willingness to cooperate with all those who desire to speed up consistently democratic systemic changes in Poland.²⁰⁰⁵

Center Agreement signed by the following:

Lech Antonowicz, Andrzej Anusz, Kazimierz Barczyk, Jan Bebrysz, Ryszard Bender, Tomasz Bedynski, Tadeusz Bien, Włodzimierz Bojarski, Antoni Borowski, Marek Cholewka, Ireneusz Choroszuca, Krzysztof Czabanski, Sławomir Daborwski, Michał Drozdek, Tadeusz Dziuba, Marek Dziubek, Jerzy Eysymontt, Kazimierz Ferenc, Marcin Galec, Miłosz Galecki, Szymon Gizynski, Adam Glapinski, Przemysław Hniedziewicz, Jerzy Jacki, Jarosław Kaczynski, Andrzej Kern, Andrzej Kostarczyk, Edmund Krasowski, Leonard Krasulski, Zbigniew Lech, Janusz Lewandowski, Edward Lipiec, Czesław Lipinski, Tereza Liszcz, Andrzej Machalski, Jacek Maziarski, Jerzy Mikke, Krzysztof Mularczyk, Jerzy Robert, Jan Olszewski, Józef Orzel, Stanisław Padykula, Waldemar Pernach, Andrzej Piatek, Jerzy Pomin, Maciej Poltorak, Andrzej Prokopowicz, Stanisław Rojek, Kazimierz Rostek, Marek Rutkowski, Tadeusz Rymszewicz, Sławomir Siwek, Jarosław Sokolowski, Adam Strung, Grzegorz Strzemecki, Jarosław A. Szczepanski, Ryszard Turyk, Norbert Wojciechowski, Piotr Wojcik, Jerzy Zajac, Maciej Zalewski, Rafał Zagorny, Wiesław Zieleniski, Teresa Zimowska, Fryderyk Zoll, Krzysztof Zmijewski, Jerzy Zurawiecki, Tadeusz Karolak.

²⁰⁰⁵ This is a short version of Center Agreement declaration reported in translated FBIS report, to see the full version return to the same source.

Appendix 3: Enterprises Owned By Individuals from 1992 until 1994:²⁰⁰⁶

Economic Activity	1992	1993	1994
Total	1,630,629	1,783,900	1,880,506
Industry	347,192	345,257	321,697
Construction	187,815	195,874	197,521
Transportation	73,212	80,073	85,667
Trade	626,132	708,630	766,490
of Which:			
Stores	297,036	324,195	359,300
Public Catering	48,865	52,411	52,990
Other material services	146,547	168,495	200,003
Of which:			
Passenger and freight taxis	89,831	85,995	81,394
Non-material services	200,866	233,160	255,138

²⁰⁰⁶ Source: Polish Ministry of Finance, reported and cited in *Warsaw NOWA EUROPA* (KONIEC TYGODNIA supplement), "Economic Role of Small, Medium-Sized Firm." FBIS-EEU-95-102. 26 May 1995. P: 39.

Appendix 4: Popularity of Politician, Presidential Candidates and Political Parties in 1994:²⁰⁰⁷

Most Popular Politicians (in percent) in 1994			
	Yes	No	Do Not/Who He/ She Is
Jacek Kuroń	63	32	3
Aleksander Kwaśniewski	51	38	11
Andrzej Olechowski	51	37	12
Waldemar Pawlak	46	50	4
Jozef Oleksy	45	42	13
Zbigniew Religa	41	46	13
Włodzimierz Cimoszewicz	37	53	10
Tadeusz Mazowiecki	32	63	5
Krzysztof Skubiszewski	32	52	16
Leszek Balcerowicz	31	62	7
Hanna Suchocka	31	64	5
Bronisław Geremek	29	60	11
Barbara Labuda	27	46	27
Marian Krzaklewski	25	59	16
Jozef Zych	25	46	29
Ryszard Bugaj	23	50	27
Grzegorz Kolodko	22	51	27

²⁰⁰⁷ Source: *Poznan WPROST*, “PENTOR Poll on Popularity of Politicians.” FBIS-EEU-94-235. 7 December 1994. P: 32-34. Changes in popularity of politician, presidential candidates and political parties are not included here, to see the full results return to the same source. The results also published in FBIS in another report in 1995 under the title “Poll on Popularity of Politicians, Parties,” with slight changes in *Poznan Wprost*, FBIS-EEU-95-004. 6 January 1995. P: 16-18.

Leszek Miller	22	61	17
Leszek Moczulski	21	71	8
Ewa Spychalska	21	54	25

Ranking of Presidential Candidates (for 1995 presidential election)	
Name	Percent
Aleksander Kwaśniewski	21
Andrzej Olechowski	14
Jacek Kuroń	14
Waldemar Pawlak	11
Lech Wałęsa	8
Leszek Balcerowicz	6
Zbigniew Brzezinski	6
Włodzimierz Cimoszewicz	6
Hanna Suchocka	4
Jozef Zych	2
Other	8

Ranking of Political Parties	
Party	Percent
Democratic Left Alliance	25
Polish Peasant Party	20
Freedom Union	15

Union of Labor	11
Confederation for an Independent Poland	6
Non-Party Bloc for Reforms	5
Solidarność	5
Center Accord	4
Union of Real Politics	3
Christian National Union	2
Other	4

Appendix 5: Voting Preferences for parliamentary election in 1994:²⁰⁰⁸

Voting Preference (in percent)			
Political Party	Oct 94	Nov 94	Dec 94
SLD	23	21	25
UW	16	17	17
PSL	16	17	16
Solidarność	9	9	8
UP	9	9	10
KPN	6	7	6
BBWR	4	5	5
PdP	7	3	5

Voting Preferences of Chosen Consistency Groups (1994)					
	UW	UP	SLD	PSL	Solidarność
People between ages 18 and 24	18	17	17	-	-
People over age 60	-	-	25	21	14
People with elementary education	13	-	23	26	-
People with higher education	35	9	23	-	-
Lowest income group	-	12	14	34	-
Highest income group	30	11	24	-	-
The unemployed	9	23	21	-	9

²⁰⁰⁸ Source: Warsaw RZECZPOSPOLITA, "Poll Confirms Popularity of SLD, PSL, UW." FBIS-EEU-95-016. 25 January 1995. P: 17.

Management cadres	34	14	19	-	-
Private entrepreneurs	19	-	28	11	-
Farmers	-	-	21	49	8

Voting Preference for political parties in July 1996:²⁰⁰⁹

Voting Preference in July 1996	
Political Parties/groups	Percent %
Solidarity electoral Initiative *	27
SLD	27
ROP	12
PSL	12
UW	11
UP	8
* Solidarity Initiative is an agreement between Solidarity and other twenty parties of the center and the right wing (as indicated by FBIS report).	

²⁰⁰⁹ Source: Warsaw RZECZPOSPOLITA, "Poland: Equal Support for SLD, 'Solidarity' Initiative Shown." FBIS-EEU-96-150. 2 August 1996. P: 56.

Appendix 6: Political Parties Membership in 1990, according to *POLITYKA*:²⁰¹⁰

Party Name	Acronym	Membership (estimated)
Polish Socialist Party	PPS	3,000
Polish Socialist Party-Democratic Revolution	PPS RD	700
Polish Peasant Party	PSL	20,000
Social Democracy of the Polish Republic	SdRP	47,000
Social Democratic Union of the Polish Republic	PUS	1,000
Christian National Union	ZChN	3,000
Confederation for Independent Poland	KPN	20,000
Labor Party	SP	Between 2,000 and 3,000
Union for Real Politics	UPR	Between 3,000 and 5,000
Democratic Center	CD	400
Polish Green Party	PPZ	More than 6,000
National Association	SN	2,000
Truth and Justice Political Association	-	150
Liberal Democratic Congress*	KLD	Around 300 supporters in Gdansk

²⁰¹⁰ Source: the table adopted from FBIS translated report from Polish POLITYKA, in a survey conducted to investigate the number of old and new political parties and estimated their membership. The number documented in this table extracted from the report. To see the full report, see *Warsaw POLITYKA*, "Political parties, Groups, Membership Listed." FBIS-EEU-90-094. 15 May 1990. P: 56-57. These are only few selected political parties and groups; the report surveyed 30 political parties.

Fighting Youth Federation	FMW	30 members in Gdansk and 250 nationwide
National Association	SN	2,000
* previously known as National Liberal Congress; Chairman Donald Tusk.		

Appendix 7: Major Political Party Membership in 1996.²⁰¹¹

Party Membership		
Political Party	Acronym	Number of Members
Polish Peasant Party	PSL	190,000
Social Democracy of the Polish Republic	SdRP	60,000
Confederation for an Independent Poland	KPN	35,000
Movement for the Reconstruction of Poland	ROP	12,000
Freedom Union	UW	10,500
Christian National Union	ZChN	8,000
Polish Socialist Party	PPS	5,000
Union for Real Politics	UPR	5,000
Conservative Party	PK	1,500
Center Alliance	PC	-

²⁰¹¹ Source: Adopted from Warsaw TVP Television First Program Network, “Poland: Draft Laws on Political Parties Presented in *Sejm*.” FBIS-EEU-96-042. 1 March 1996. P: 46.

Appendix 8: number of violence against public officials and journalist in Poland from 1989 up to 1995:²⁰¹²

Spiral of Aggression	
Year	Number of attacks on Public officials and Journalists
1989	1,591
1990	2,115
1991	2,685
1992	3,067
1993	2,990
1994	3,449
1995	3,209

²⁰¹² Source: Poznan WPROST, "Poland: Attacks on Public Officials Cited." FBIS-EEU-96-055. 20 March 1996. P: 41.

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