

POLAND

30 Years after Solidarity

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Inside

Jan Cienski on the varied global celebrations of the birth of Fryderyk Chopin 200 years ago
Page 4



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Taking small steps to play catch-up

Radical reforms have given way to cautious plodding towards a better society, reports **Jan Cienski**

Thirty years ago, anyone standing on Warsaw's Marchlewski street (named after a Bolshevik hero), would have seen dirty grey apartment buildings, the occasional horse-drawn wagon clogging by, and drab people, weighed down by a back-breaking 60 per cent increase in the price of meat.

The labour unrest unleashed by that price rise triggered a chain reaction of strikes that led to the creation of the Solidarity labour union in 1980, an event that shook Polish communism to its core and ended with the 1989 Round Table talks that saw the communists hand over power, setting off economic and political reforms that have transformed Poland.

Today, someone standing on the same street, now named after Pope John Paul II, would scarcely recognise the place. The boulevard is packed with jostling modern cars, the pavement thronged with well-dressed people and lined with gleaming skyscrapers – a new Deloitte office, a Westin hotel, an international office centre.

But just visible beyond the curved glass roof of a new shopping centre is the hulk of Warsaw's main train station, stained and decrepit, with the sour odour of kebabs and urine mixing in the foetid passages leading to the trains – a sign of the distance Poland still has to travel as it tries to catch up with western European living standards.

That is the challenge facing Donald Tusk and his coalition government, led by his centrist Civic Platform party, as Poland tries to shake off the aftereffects of the global economic crisis while embarking on a further set of economic and social reforms aimed at continuing the country's transformation, all without upsetting his party's political dominance.

The party has one enormous asset, frequently mentioned by the government. It was the only European Union country not to fall into recession last year, growing by 1.7 per cent, and growth this year will be among the EU's fastest, about 3 per cent.

"Crisis, what crisis?" says Krzysztof Olszewski, who saw his Solaris bus company increase sales last year, and predicts even higher sales this year.

Poland's strong performance last year was largely the result of fortuitous tax cuts and a large and resilient domestic market, but the ruling party is hoping the economy's lustre will help in the campaign of Bronislaw Komorowski, the speaker of parliament and Civic Platform's candidate for president.

Mr Komorowski faces off against Jaroslaw Kaczynski, the leader of the right-wing opposition Law and Justice party, in a second round vote on July 4. Voting in the first round last Sunday produced a much narrower lead than expected for Mr Komorowski.

The early election was made necessary by the untimely death of Presi-



Old and new side-by-side: aerial view of Warsaw's Golden Terraces (Zlote Tarasy) and Palace of Culture and Science

Alamy

dent Lech Kaczynski, Jaroslaw's twin brother, in the April 10 crash of a government jet. Mr Kaczynski was a foe of the current government, and vetoed some crucial legislation, but also acted as a convenient excuse to avoid politically costly reforms. That defence disappears if, as is likely, Mr Komorowski becomes the next president.

"When we win, there will be no excuses," says Grzegorz Schetyna, Civic Platform's parliamentary chief.

After the election, the government's main challenge will be putting a budget together that reduces the

deficit from this year's level of close to 7 per cent of gross domestic product.

"I think that now is a good moment to slow the growth in expenditure," says Marek Belka, the new central bank governor.

However, Poland's budget cuts are fairly unambitious. "Poland has opted for a relatively back-loaded adjustment path with not much happening this year and the next," says Thomas Laursen, the World Bank's manager for Poland and the Baltics.

In a world where a country's debt and deficit have become key performance markers, it is vitally important for an emerging economy such as Poland to show not only that it is growing, but that it has its fiscal policy under control.

"We need now to focus on frugality," says Jan Krzysztof Bielecki, a former prime minister and the head of a panel of Mr Tusk's economic advisers. "The most important thing is to be prudent and stable."

Prudent and stable has become something of a Polish characteristic, a remarkable change from the cavalry flair and risk-taking that used to be encoded in the national DNA. Restraint was a hallmark of the Solidarity labour union, which did not set off an armed uprising against the communists, and was apparent in the careful transition to democracy that involved no bloodshed and little retribution.

Although Jaroslaw Kaczynski's two years in power from 2005-2007 were marked by radicalism, Civic Platform has made a virtue of carefully plodding towards a better society. Michal Boni, Mr Tusk's chief adviser, who has come up with a plan spelling out what steps should be taken to create a modern Poland by 2030, recoils at the idea of big reforms, noting the "need

for social acceptance for change".

Mr Boni's "small steps" include completing the overhaul of pensions, ending a separate retirement scheme for farmers, and increasing research spending to allow Poland to move from depending on cheap labour to competing in knowledge-based industries.

Gone is the earlier bravado over joining the euro as quickly as possible. Although the government remains committed to joining eventually, it is not setting a firm date (although entry by 2015 is possible), and there is an appreciation for the buffer that a floating currency provided last year.

Jacek Rostowski, finance minister, told a radio interviewer that Poland

should still join, but added: "Maybe it's better that we are in our own little house and, in a few years when the eurozone has been renovated, we'll move in."

The government's caution extends to its privatisation programme. Although the treasury ministry intends to raise 25bn zlotys from selling off state assets this year, the country's 20 biggest strategic companies will remain under state control, even if they are partially floated on the Warsaw Stock Exchange.

The government's goal is to turn some of those companies into well-run and depoliticised giants that will be able to compete on a European or even a global scale.

Although it may not appeal to radi-

cal reformers, the incremental approach can work over time. One example is the country's perennial problems with building highways. After 20 years of underwhelming results, there should be visible progress in the next year, partly because of pressure to get roads built before Poland co-hosts the 2012 European football championships. Any improvement will help Civic Platform in the 2011 parliamentary elections.

The government has also worked patiently to raise the country's international profile. Mr Tusk and his foreign minister, Radoslaw Sikorski, have managed to reset relations with neighbours and make Warsaw a serious player in the European Union, after Jaroslaw Kaczynski strained relations with Brussels, Berlin and Moscow.

As Poland has seen that its core interests lie within the EU, the bloom has come off the relationship with the US. Although a US Patriot missile battery is rotating through Poland, Mr Komorowski has called on the government to come up with a strategy for withdrawing the Polish contingent from Afghanistan, where 18 of the country's soldiers have died.

Three decades after the strikes that helped create Solidarity, Poland is at least four times wealthier, based on GDP at purchasing power parity per capita, and an entrenched democracy. Despite the death of the president, many senior officials and the commanders of all branches of the armed forces in the April crash, government institutions never once broke down.

Building institutions and a market economy still has a long way to go, as any businessman caught up in red tape can attest, but Poland has found its place in the EU, and that place is much closer to the sober countries of northern Europe than the troubled nations of the south.

"We may have Mediterranean hearts, but we have northern European minds," says Mr Boni, who instead of the open-necked shirts he used to favour was dressed in a dark blue suit and a conservative red tie.

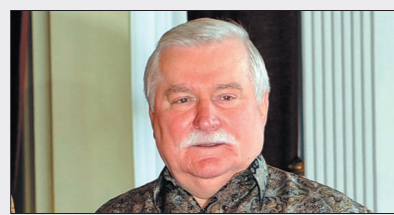
Inside this issue

Economy Cool heads and good luck helped the country become the sole EU member to avoid recession last year, writes Neil Buckley **Page 2**

Privatisation The government hopes to sell almost all the 800-plus companies it still owns, writes Jan Cienski **Page 3**

Media Adam Easton profiles ITI Group, which began selling video cassettes and snack foods **Page 4**

Who's Who Jan Cienski profiles five leading players in the dramatic events of 1980, including Lech Walesa (below) **Page 4**






HIGH LEVEL DEMOCRACY MEETING

Krakow, 2-4 July 2010

10TH ANNIVERSARY COMMUNITY OF DEMOCRACIES



Solidarity for Democracy



The year 2010 marks the 10th anniversary of the Community of Democracies. On this occasion a High Level Democracy Meeting (HLDM) will be held in Krakow, Poland on 2-4 July. The meeting is shaping up to be one of the most prominent gatherings of democracy decision-makers this year worldwide. Over one hundred Foreign Ministers of the Community of Democracies participating and observer countries joined by hundreds of democratic activists, representatives of non-governmental and international organizations and the media have been invited to Krakow.

The Participants will aim to identify the most effective solutions and approaches to promoting democracy. The roles of women, democracy activists, economy and technologies in deepening democracy worldwide will be discussed during the thematic panel discussions.

The Community of Democracies is an intergovernmental coalition of over 100 participating states with the aim of promoting democracy and strengthening democratic institutions all over the world. It was inaugurated in 2000 in Warsaw by Prof. Bronislaw Geremek, the then Polish Foreign Minister, and Madeleine Albright, the US Secretary of State.

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