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CLIMATE FOR FOREIGN INVESTMENTS IN POLAND

AN EMPHASIS ON POLISH-AMERICAN RELATIONS IN THE POST-COLD GLOBAL ECONOMY

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SCHOOL OF DIPLOMACY
AND
INTERNATIONAL RELATIONS

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-- CHAPTER I --

INTRODUCTION
The "Polish way" throughout the transformation period, from planned to market economy, which has already reached a decade of existence (counting from the Round Table debate between communists and the opposition led by Lech Walesa in February 1989) has not yet found its full clarification. Its broader understanding should and must take a complex perspective: political, economic, social, cultural, to name the primary factors. The fact remains that capitalism no longer appears as some unspecified dream for Poles, but in fact, is finally happening. For the majority, regardless of their geographic location, in turn, these changes mean struggle with the free market as a major foundation of capitalism as Poland moves past its transition period.

This study finds a contemporary Poland as a state that has established its economic structure on the basis of a free market. It aims to draw the picture of a democratic Poland as a potential target for foreign investments (FDI) which, as stated by Hunter and Ryan (2000),

...remains an important element of the process of economic transformation [and] it will be important to continue to attract significant amounts of FDI in the future if the process of reforms and revitalization are to continue. (pp.6-7)

At its core, this thesis delivers a closer examination of American investments in Poland from an historical (last decade of the 1990's), current, and future potential development perspective. By drawing on the background of the economic and political performance of Poland, the study explores three major
themes: Poland at heart of Europe; its human resources potential; and marketing and advertising efforts of today's Poland. I have found these themes as the most important ones for anyone interested in Poland as a modern business entrepreneur.

This study is presented in four major related sections. Chapter II - Polish Path to Market Economy - emphasizes the dominant trends in the Polish transformation process during the last decade and presents an evaluation of the relevant literature. Mostly American literature had been considered regarding this aspect of the study. Two main political and economic domains have been chosen for close analysis. Polish society and leading officials surprisingly learned at the very beginning of the change process undertaken in Poland through the announcement of the Balcerowicz Plan in January of 1990 how much these two are interdependent.

Chapter III - Two Methods - One Research - explains the approach taken during gathering research material and the process of writing. Secondary and primary research methods have been used in order to gather data. In particular, primary methods, mostly "ethnographic" interviews with leading Polish and American figures, were extremely valuable in the process of presenting material. I am strongly convinced that meeting a number of individuals involved practically in American business investment in Poland provided the best and most accurate reports and results.
Chapter IV - **Poland - Possibilities and Challenges** - focuses on major findings and offers critical approach. This section contains opinions of interviewees and my own conclusions based upon these interviews as well as on secondary research. In addition to three major topics analyzed - Poland's central location, human resources in Poland, and advertising and marketing steps - a number of other issues discussed in Chapter IV will assume great importance while drawing the map of contemporary Poland and its ability to attract foreign investors (mostly American). Therefore, Chapter IV of this Master's Thesis becomes the core of its consideration.

Chapter V - **New Chance for Poland** - contains general conclusions, which are the outcome of the research and writing process. This part focuses on answering questions raised throughout the reading, as well as presenting my point of view on the future development of American-Polish business cooperation, especially in the area of Foreign Direct Investments (FDI).

My interest in this particular field stems mainly from three major sources. The first and leading motive is that looking at Poland's future, and its significant role in International Affairs, one should not underestimate the role of the Polish economy. Being under a deep recession, some might say crisis, in the late 1970's (the period of Edward Girek's leadership of the communist government), Poland has experienced a steady recovery since the end of the 1980's (the government of Tadeusz Mazowiecki - Poland's first non-communist Prime
Minister, and his Minister of Finance, Leszek Balcerowicz). However, the path has not always been an even one. As pointed out by Joseph A. Schumpeter (1942), economist-author of Capitalism, Socialism and Democracy: "Economic progress, in a capitalist society, means turmoil." (p. 3). Investigating what this turmoil really meant and how successfully Polish society has undergone the process of economic change is the main incentive for writing this thesis.

The second reason can find its explanation in what was recently stated by Lech Walsa in an interview in "The New York Times" (1999):

The West encouraged us to abolish the old system, but they had nothing to replace it with. We're left alone with Communism's rubble, the shipyards, mines and steelworks. We are failed by Western politicians. They are responsible for our misfortunes. (p. 81).

This remark by the former president of Poland, and earlier the main pillar of the Polish revolution, requires some comments. Poland, in particular, and Central and Eastern Europe in general, gained widespread political attention and visible help at the critical moment of the transformation (1989 - 1990). However, what Poland really needs now in order to successfully transform itself into a full market economy is foreign investment. How much of that assistance it can get greatly depends on what Poland, can offer to potential partners. Therefore, while analyzing foreign capital activities in Poland, I will propose answers to a basic research question: what are the advantages and obstacles for foreign investors who may express an interest in Poland as a potential partner.
Third, it is not accidental that, living in the United States Polish-American business cooperation would find my special attention. The United States has been a leading foreign investor in the Polish market throughout the decade of the 1990's. Consequently, an examination of American investment operations in Poland raises an interesting issue: given the decidedly "pro-American" feelings that have existed during the entire post-war period, what will the future hold for potential development between Poland and the United States?
CHAPTER II

POLISH PATH TO MARKET ECONOMY
Then at the end of September 1989, Leszek Balcerowicz, the new finance minister, went to Washington. His aim was to tell the policymakers gathered at the annual meetings of the World Bank and International Monetary fund of his government’s plans to give his country a market economy. He spoke; they listened; then, in 1990, the transformation began (Wolf, 1999, p.11).

fig.1

source: J. Hurkala

At the very beginning of the new millenium it is no longer risky to state that Poland finds itself squarely within fundamental structures of Western economic and political cooperation, most especially the Organization for Economic Co-operation and Development (OECD), North Atlantic Treaty Organization (NATO), candidate to European Union (EU). Poland has also made great strides, especially in the past three years.
For most Poles, as well as for the rest of the international community, this chart represents not only a colorful arrangement of well known ‘logos,’ but also an eagerly awaited moment of freedom, and an assurance of security and systematic development. Roughly speaking, for over 200 hundred years, the Polish nation had been dependent on its neighboring states (Germany-Prussia, Austro-Hungary, Russia/Soviet Union). In today’s world, termed by Zbigniew Brzezinski (1997) as the Grand Chessboard: “Poland is too weak to be a geostrategic player, and it has only one option: to become integrated into the West.” (p. 44) Referring once again to figure 1, Poland already is a part of NATO and the OECD, and most likely will become a member of the EU perhaps as early as year 2003:

Union [European] - as pointed out by Fabrice Fries (1998) in his book Les Grands Debats Européens - consisted of twenty eight members (current fifteen, Malta, Cyprus, Poland, Hungary, Czech Republic, Bulgaria, Slovakia, and three Baltic States, Slovenia, and maybe Croatia, plus Bosnia) becomes absolute in short time to come. It is even so possible that now we have to ask the question about influence of such expansion. (p.96)

For that reason the Polish Agency for Foreign Investments (PAIZ) has already attracted foreigners through that important fact. This is illustrated by the figure below:
Poland is the second largest country in Central and Eastern Europe (312,646 square kilometers). It stands among the most successful states of the region concerning the process of transition. At the same time, when changes in Poland were about to be launched, Eduard Shevardnadze, the Soviet Foreign Minister, expressed his 'deep concern' during a conversation with James Baker (1995), Secretary of State for George Bush:

"[An] unstable Poland would be good neither for you or for us." He cautioned me about the dangers associated with abruptly breaking economic links between the Soviet Union and Eastern Europe. "So if you rupture all links, it would be suicide (...). No one could take Poland under its wing, certainly not Germany. Yes, they could work with Poland, but no one could throw the kind of money at Poland that it already needs. Only we've done that. Only we've wasted our money. (p. 148).

It still remains clear that for the majority of Poles, ten years after the Shevardnadze-Baker conversation, the route of democratization was right and was in fact the only real option available. To understand and critically examine this statement, one must critically analyze the political and economic situation that Poland has faced throughout the last decade.

Through this investigation, this thesis will provide a clear picture of Poland which has accepted the imperatives of a market economy, with foreign
investment growing in importance. Selected publications and other sources used in this part of the paper will at the same time present major trends and ideas, and provide a basis for opinions and conclusions on the subject.
CURRENT POLAND ECONOMIC INDICATORS

Janusz Golebiowski (1998), professor at the prominent Warsaw School of Economics, begins his economic analysis of Central and Eastern Europe from the very vague, yet important viewpoint that the “move to free market economies in all the region’s countries is now so far advanced that it has passed the point of no return” (p.6). To properly understand the process of transition, it is necessary to grasp the problem of ‘what has to be transformed into what’. The answer in its theoretical meaning comes easily: it is a transition from socialism to capitalism:

Central planing in Poland, as well as in other states of Central and Eastern Europe (including the Soviet Union), was adopted, at least theoretically, as the best way to improve the human condition. However, the economy worsened steadily with the establishment of communist governments in this region as a
result of the World War II. As a result: "the massive scale of the transition from 'socialism' to capitalism had no precedence, no blueprints for action." (Botsas, 1977, p.1).

Central planing was based on a simple theory: "The essence of the idea of planned economy is contained in the collective struggle of the working class to exercise its control over the capitalists." (Blunden, 1991, online). Therefore, almost entire percentage of value added was produced in the state sector. Generally speaking, under central planning there was no market to set prices. Supply was determined by the government regardless of demand. The true costs of production were not really known. And finally, wages were arbitrary, as were prices of goods. As a result:

Communism was not an economic system; it was simply age-old system of political control of everything. (...) great wealth for the few and squalor and poverty for the rest. Communism was an extreme form of the very exploitation of labor that Karl Marx denounced in capitalism. (Naishul, p.1)

Society was well ordered starting with the secretary of the Communist Party, members of the political elite, and others placed in all governmental and managerial positions "...lower down the command chain were reserved for party members - the [nomenklatura]." (Skidelsky, 1995, p.99).

As a result of the central planing, Poland's path to capitalism has turned out to be a tremendously demanding task. What is interesting is that Sachs (1995)
and others (even Leszek Balcerowicz) seemed to underestimate the hardship of the transition process and its real impact on the majority of Poles.

Winiecki(1992), who situates himself "somewhere in the middle," states that in the beginning of the process public opinion in Poland viewed the process as an "impending disaster" and there were only few optimists who saw nothing wrong with the stabilization program (pp.66-67).

Lastly, Hunter and Ryan(1998) represent a balanced view of the subject, strongly underlining the warning of the former communist economist Mieczyslaw Nasilowski "...who warned that the true "economic or political shock" might bring Polish workers to the "barrier of social endurance."(p.214).

These varying approaches compel a closer examination of the transition process. The graph shows the various phases of the Polish economy during pitiful and extremely difficult process.
This graph provides an explanation of transition process not only for Poland but also for the rest of Central and Eastern Europe. As it indicates, line P (Poland) shows the evolution of the Polish economy starting from the period A→B marking the “capitalist period” which ended in the 1939, the date of the Nazi invasion. It is important to emphasize the period marked by B→C – the period of planned economy, 1945 – 1990. Lines C→D, D→(e), and (e)→(f) show the transition process, 1990 – 200(?), with the goal of placing Poland on the line marked W (Western states economy - free market economy).

The most critical moment of change and ‘prerequisite condition’ to start the transition process can be found within the period C→D. For Poles, this
occurred particularly at the Round Table debate in 1989, and the creation of a new, non-communist, government under Tadeusz Mazowiecki. However, to enter the period marked by \( D \to (e) \) a program of 'how to fix' the communist legacy had to emerge.

There was no ready model for how to accomplish this daunting task. The recipe had to be found on its own:

East European intellectuals and officials had to spend a good deal of time searching for foreign political and economic models that might plausibly be applied to their countries 'situations. They have found them almost entirely in Western Europe, reflecting long-standing historical inclinations that were if anything strengthened by four decades of Communist rule, but also based on an admiration for their Western neighbors' ability to combine prosperity and freedom with social security and political stability. (Baylis, 1994, p. 21-22).

The Balcerowicz Plan also known as Big bang, or shock therapy was the Polish path to a market economy. It was introduced by the Minister of Finance, and deputy Prime Minister Leszek Balcerowicz, in January 1990. Even today, the policies of Minister Balcerowicz evoke disagreement among Polish politicians, economists, and others, regarding the way a post communist country could painlessly and effectively transform itself into market economy. However, it should be understood at this point that the Balcerowicz Plan had been the subject of intensive debate between two major orientations concerning the direction economic transformation should take: liberal or social-democratic. The former assumed full acceptance and mirroring of Western capitalism; what essentially
means a: "...faith in the market as a socioeconomic institution, both as the end goal of the transition (market capitalism) and as a mechanism for effecting the transition." (Slay, 1994, p. 89). The latter, on the other hand, was based on Poland's unique historical factors (the inter-war experience, and deep crises of the country throughout its communist legacy). It contrasts with the liberal variant, putting more stress on strengthening the roles of trade unions, worker self-management (through participatory producers and consumer cooperatives), and maintaining the basis underpinnings of the welfare state, "both during and after the transition." (p.90). However,

[t]his issue, which was hotly debate in the first year of transition ... has lost much of its interest as soon as it was recognized that stabilization, when it is required, should be conducted swiftly, and that structural reforms can only be implemented over a number of years, because of the change in institutions and behavior that such reforms require." (Lavigne, 1995, p.118).

Nonetheless, the attitude of a majority of Poles at that time (I would with no hesitation say all Poles) became clearly unified, and all understood the desperate need for fundamental change. No matter what route was taken, a transition could not be avoided, and with first non-communist government of Prime Minister Tadeusz Mazowiecki, and the inauguration of the Balcerowicz Plan, Poland was ready to enter the next phase shown as the $\mathbb{D}^\rightarrow(e)$, which in this thesis is described as the process of 'practical transformation.'
However, Poland’s economic situation in 1989 was far from encouraging and optimistic. It is also unquestionably wrong, however, to blame the 1989 economic and political crisis only on the immediate proceeding period of the 1980s’. On the other hand, a broad denunciation of the communist system would provide only a simplistic explanation of the dramatic situation that Poland faced at the time. In truth, the crisis of 1989 was caused by a variety of political and economic factors, as well as the realization that the system of central planing would not simply work.


After Bierut’s death in 1956 and the June events in Poznan, the Communistic Party (PZPR) in Poland started to look for a new candidate for the First Secretary. On 19 October 1956 Wladyslaw Gomulka was named the chief of the Communist Party and stayed in his office till 1970. Some of Gomulka’s accomplishments were the limitation of terror, the end of Catholic church restriction, and what is most important termination the collectivization of agriculture. In spite of those accomplishments some restriction still remained: lack of intellectual freedom, lack of major economic reforms. As noted, "The Gomulka’s regime was ushered in by the tragedy of Pozan and ended when
Gomulka lost all popular followers through a series of political and economic blindness." (Interview, 2000)

Starting from March 1968, Gomulka faced strong opposition from the party body and bureaucracy. Gomulka’s views seemed too outdated. He appeared to be too caution toward new spending controls and financial politics. Gomulka was not ready to start huge investments, and that was what the new regime wanted. "Kremlin didn’t want Gomulka either. It would prefer somebody more submissive without partnership ambitions." (Werblanvi, 1994, p. 20).

By the 1970’s the Polish economy was severely crippled. When Gomulka introduced and increased food prices during the Christmas Holiday in December 1970, Polish workers started riots in Gdansk, Gdynia and Szczecin. All these events had a profound impact as the end of Gomulka’s ruling.

The crisis created by Edward Gierek, general Secretary of Polish Communist Party (1970 – 1980) ended with implausible record of about 25 billion dollars borrowed by Poland from Western states. Gierek’s "new economic strategy" (industrial modernization, a boost for the falling rates of economic growth, investment pressure by heavy industry lobbies, full employment, etc.), and the investment leap determined by the interaction of systemic factors (enterprises’ unlimited demand for investment, ‘hooking on the plan’, and soft budget constraint’, etc.) (p.212) had little chance to succeed, as pointed out by
Sachs (1995): "The attempt to jump start the old system by borrowing from abroad and building new factories produced almost no results, but instead led to cataclysmic balance-of-payments crisis." (p.27).

The aftermath of the Gierek period proved catastrophic and resulted in the rise of gen. Wojciech Jaruzelski to the position of party and military leader. These events included the imposition of martial law in 1981, desperate attempts of the communist government to stabilize the economic situation in the second half of the '80s. They brought the state to "...the exhaustion of the extensive economic growth factors, the decomposition of state socialism, and the long standing lack of legitimacy of the regime. A new economic crisis broke out in 1988 - 99." (Simatupang, 1994, p.211).

Numbers show (fig. 5) that the Polish foreign debt at the beginning of the 90's accelerated to $45 billion.

Balcerowicz as well as the rest of the reform faction in the government, understood that certain 'pillars of reform' (fig. 6) must be established in order to assure economic transformation.

Sachs clearly indicates five of this pillars (p.45-46):

MACROECONOMIC STABILIZATION
The final pillar, *International Assistance*, may be subdivided into two main categories: *Increasing convertibility* (significant increase of the degree of zloty convertibility as a precondition for Polish integration into the international economy); and *constructing a new legal, regulatory, and financial mechanism*. The Balcerowicz Plan stated decisively that its goal for Poland “...was to be Western style capitalism, and it was to be achieved as quickly as possible through the introduction of an economic program based on liberalism.”(Slay, p.92).
Balcerowicz’s deep belief in ‘Western-style’ direction of the reform found its roots in his education which began ironically at the Central School of Planing and Statistics (currently Warsaw School of Economics), “…it was probably the most Western-oriented faculty of economics in the Comecon countries in the late 1960’s” (Balcerowicz, 1995, p.341); and then at St. John’s University in New York. This background, as he further admits, helped him better comprehend Western macro- and microeconomics.

Balcerowicz (1995) himself was certain about the general direction of change. He believed that the stabilization and liberalization package would stop hyperinflation and eliminate shortages. Balcerowicz was convinced that privatization of the economy, the introduction of competition, and export-oriented growth would bring efficiency and solve the perennial problem of shortages that plagued the former economy. He also believed that economic reform should proceed in terms of a radical and comprehensive package if it had any chance of success.

Sachs (1995) describes the Balcerowicz Plan as breaking decisively with the communist system, ending halfway a piecemeal reform efforts and literally jumping to a market economy. The aim of the plan was to create an economy on the style of Western Europe, based on principles private ownership, development of free markets, and integration of Poland into the world market.
Hunter and Ryan (1998) called the Balcerowicz Plan “radical and ambitious.” They stressed two broad strategies that it presented: stabilization of the economy and transformation of the economic system to a market economy. Poland was introduced to the “shock program” and took ‘the first step of transition’. Economist Jeffery Sachs, who served as one of the key foreign economic advisors to Deputy Prime Minister Balcerowicz, during a speech given in Prague in 1995, admitted that “… now (you) have a market economy that has the chance, if (you) make it work, of producing the dynamic growth that is really ahead.” (www.centraleurope.com, p.1)

A fairly comprehensive account of the goals of the Balcerowicz Plan may be found in Richard J. Hunter and Leo V. Ryan’s (1997) work From Autarchy to Market. Its accomplishments may be summarized as follows (p.102 – 103):

1. The greatest volume of transactions (about 90%) were conducted at free market prices.
2. The role of money as a medium of exchange increased significantly as the zloty become freely convertible.
3. The liberalization of property rights and foreign trade made for free entry of foreign capital into the Polish economy.
4. A gradual form of downsizing by sale or lease of assets to the private sector became the dominant transition model.
5. Advanced privatization of Polish economy.
6. Transformation from ‘monobank’ structure to an independent system with a network of private commercial banks.

7. Creation of new, nonfinancial institutions (especially the Warsaw Stock Exchange).

8. A modern, Western system of taxation has been implemented.

9. The expenditure side of the fiscal system was transformed and made more integrated and transparent.

10. Still, unemployment was rising and creation of social infrastructures proved to be problematic.
POLITICAL TRANSITION TO DEMOCRATIC STATE

Neither a more self-regulating and less centralized economic system, which would place greater emphasis on the fulfillment of the society's material aspirations, nor a society more imbued with genuinely innovative values could be attained within the still largely enduring Stalinist political system. (Brzezinski, 1989, p.70).

Such drastic and fundamental economic changes as occurred in Poland and the rest of Central and Eastern Europe at the end of the 1980's, would not be possible if not carried out along with broad political transformation. On the other hand, the latter depends greatly on the 'course of affairs in the socio-economic sphere'. As concluded by Golebiowski (1998), "For the moment freedom reigns in the Central and East Europe countries, but democracy is still evolving."(p.7). This opinion is based on two major indicators: (1) the lack of democratic traditions and culture, and (2) 'social tensions', and 'essentially anti-democratic and authoritarian tendencies'. However, what is worth mentioning and what contrasts sharply with the first of Golebiowski's assertions is that in fact Poland has a long and well known democratic tradition. For example, the Constitution promulgated by the Sejm (Polish Parliament) in 1791, called the 3rd of May Constitution, was the first such written document in Europe, and second only to the American Constitution. The following XIX century, however, founded complete political and economic dependence from the three invaders: Russia, Germany-Prussia and Austro-Hungary. It is just the inter-war period
(1918-1939) which brought short independence for Poland. The free nation, nevertheless, was faced with overpowering challenges: the destruction of the World War I and what even most important the regional differences that were a legacy of 150 years of partition. Therefore, it was of course difficult to demand too much from such situation. Poland and the Polish nations especially tried to challenge its dream in fight for democratic system (the most evident prove this aspiration can be noted during social reaction toward authoritarian government of Jozef Pilsudski in the 1930's).

Sachs(1995) described the inter-war period (1919-1939) when Poland, newly established at the end of World War I, was able to construct the framework for a modern state(p.114). And finally, the importance of Solidarity in the period beginning with the "Polish August" of 1989 should not be overlooked. Solidarnosc was the main instrument of the Revolution of 1989, in which the Communist Party lost its monopoly on power, leading to the introduction of a new Polish political system.

What seems to be an important point is the fact that events of the Round Table and the history of Solidarnosc became precedence in the development of Central and Eastern Europe. Unlike prior attempts to democratize or change society, for the first time in its postwar history, the entire Polish society (workers, peasants, and intelligentsia) was able to unite under the common goal of
defeating the communism regime. The lesson would not be lost on the rest of the region.

The Revolution also "called for adjustment the entire legal framework to the new situation." (Kowalski, Stanclik, 1998, issue 24) Thus, a clear priority and one of the most urgent changes and readjustments to be made included the replacement of the old communist constitution. In spite of a series of long-standing disagreements, a new constitution was signed on April 2, 1997. Omitting a detailed analysis of the document, it seems necessary to note that this document fostered the process of democratization. The 1999 Country Commercial Guide issued by the U.S Embassy stated very optimistically:

A new constitution adopted in 1997 enhances several key elements of democracy including strengthened judicial review and a smoother legislative process, while continuing to guarantee the wide range of civil rights, such as the right to free speech, press, an assembly, which Poles have enjoyed since 1989" (p.13)

In addition, Agenda 2000vi, concerning Polish membership in European Union states:

Poland’s political institutions function properly and in conditions of stability. They respect the limits on their competences and cooperate with each other. The Opposition plays a normal part in the operation of the institutions. (...) Poland presents the characteristic of a democracy, with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities." (1997).

The election for President in 1995, in which the post-Communist candidate, Aleksander Kwasniewski, defeated President Lech Walesa raised an intriguing
question that, to some extent, created doubt in the minds of some about
democratic transformation in Poland of the 1990s. The question asked by
Hunter(1998) "What kind of democracy is needed to complete the economic
transition successfully?" (p.2) would find its answer in today’s Poland, which still
exhibits a visible ‘eagerness’ toward change. Neither the post-Communist block
that was successful in the parliamentary election of 1993 nor Kwasniewski who
won the presidential election in 1995 could change the course undertaken few
years earlier by Mazowiecki and Balcerowicz:

It is also doubly ironic that even when these “reconstructed
socialists” (most notably President Aleksander Kwasniewski and Prime
Minister Włodzimierz Cimoszewicz) assumed power in 1995 and 1993, they too have recognized the necessity of creating a strong private sector
and thus … have not fundamentally tampered with the privatization
program.” (Ibid.)

Neither have they embarked on policies that might threaten the existence
of democracy or democratic institutions in Poland. In conclusion, economic
factors in the period 1989-1993 greatly helped post-Communists to ‘take over’
and reassume power. But the same economic factors also brought problems. As
stated by one of the workers who in 1980 along with Lech Walesa and millions
others dreamed that overcoming communism would automatically bring
prosperity:

If in 1980 the workers would known what kind of victory would come
and that they would pay the highest price for they, they would not have
supported Walesa. We shouted: 'Down with communism,' but we did not understand that it was communism that gave us jobs. (Times, 1999, p.23)

But the post-Communists were not able to overturn over the visible achievements of the bloodless but painful transition. Rather, events prove that there is a real chance for creating a 'healthy' socio-democratic wing on the political scene in contemporary and future Poland. Today's political map would more resemble the 'static' share of ideologies and power than the number of small factions and camps which existed at the beginning of the transition, which saw the existence of 25 – 30 political factions or parties.

Today there are six major parties forming the core of the political scene in Poland (see fig.7). The space marked in two-colored horizontal lines represents the place where the real decision-making process takes place. It would also mirror the ideal solution, and ending of the democracy transformation period in Poland's political and social operation.

On the economic side, over a decade after the launch of the new economic program the dominating role of the central government, essential to the central planning model, has been severely restricted. Although the central government has political power over macroeconomic policy-making, it does not make decisions about the day-to-day operations of the vast majority of sectors of the economy. As discussed in this study, Poland has successfully gone through the

* For the detailed list of political parties in contemporary Poland please see appendix 1.
The biggest party forming government coalition in the current Sajm. Strongly supports privatization process.

The larger of two parties forming governing coalition - the successor of the former Communist party, the. Support liberal economic policies but with caution on the broad social impact.

The smaller of two coalition parties. With Balcerowicz as a leader, it strongly supports liberal free market evolution. It had 5 cabinet seats in the Bardek government but withdrew from the coalition in mid-June over a dispute on Polish tax reforms.

Critizes privatization and foreign investments.

The smallest of the major parties. Has no representation in parliament. Advocates social safety net.

source: J. Hurkala
difficult transformation process. While the process is far from being completed, there is no threat to political democracy and no one, not even the SLD, seriously plans a return to planned economy. It would be important to review the remark made by Golebiowski(1997), who rightly observed:

Today's consolidation of democracy in the post-communistic countries is a battle to be fought not so much against latter-day disciples of communism which is politically and ideologically dead, but primarily against the forces within the anti-communistic camp which are the real successors to its extinct legacy. (p. 13).

Golebiowski's statement would find support in all of the readings upon which this work as a whole is based. Of course, the degree of certainty about the price society has paid for starting on the road to the free market differs from author to author.

For instance, Jeffery Sachs(1995) seems not to have appreciated strongly enough the suffering of the nation (especially the working class who has paid the biggest price for economic changes in Poland). On the other, Hunter and Ryan(1997) seem more realistic in grading the durability of the public in 'judging' the reality of the 90's reform: "...the process of transformation will be difficult, socially wrenching, confusing, and oftentimes misunderstood."(p.197). Finally what should be derived from the readings can be concluded as follow: The process has worked and was the only path Poland could have followed. The
debate today in Poland centers around downplaying and lessening the negative aspects of capitalism and not returning to 'state socialism.'
REALITY OF THE POLISH MARKET AND ITS LEGAL FRAMEWORK

Today's world has become a corporate one, where market-oriented economies must be based on tough competition in order to function effectively. Poland's struggle for a place within this competitive environment resulted in a harsh period of economic and political changes in the immediate period after 1989.

Further, the main factor of the liberal theory concerned the requirements fostering free trade. As pointed out by Robert M. Campbell (1991) "Foreign-trade links," not only offer opportunities for improving the functioning of the economy, but also pose obstacles for reform (p.173). Sachs (1995) called it a *fifth pillar*, and it required the support of Western countries (most especially the United States). The issue of foreign trade remains crucial since "...integration will require definite and sometimes politically challenging actions in the West" (p.102).

Poland "has learned the lesson" of the period of 1989-1991 and is the largest trading partner among Central and Eastern European markets. Today, Poland has become a leader in attracting foreign investments, with Hungary and the Czech Republic occupying the second and third positions. In fact "...foreign
direct investment has fueled Poland’s economic growth so far, and is key to its future success. (Hunter, Ryan, 1998, p. 205). Let me underline an important observation: since Poland herself is simply too poor to finance needed expenditure of capital, foreign investment will be the only realistic vehicle. The examination of the investment environment is represented by Figure 8:

*Fig. 8*

INVESTMENT ENVIROMENT

ATTITUDE OWNERSHIP PROPERTY TRADE REQUIREMENTS REGULATORY LABOR
CAPITAL TOWARDS RIGHTS RIGHTS ZONES FOR INVESTORS SYSTEM POLICY
FOREIGN INVESTMENTS

source: J. Hurbala

**Attitude:** As noted in the *International Economic Report* (1998), "The role of Polish government is to organize massive political marketing in order to realize possible benefits out of NATO membership and the Russian crisis, showing that the ‘de-coupling’ is a fact." (p.69). In this regard, the Polish government has paid special attention to the role of foreign investments in the economy. The distinctions can be found within the various political parties on the basis of different approaches toward foreign investments. Therefore:

Most of the factors are accounted for by Poland’s recent history and have little bearing on the country’s potential for foreign investments since, with the exception of the delay to the Mass Privatization Programme, it has not prevented economic reform nor held back economic recovery. However the political situation has sometimes diverted the world’s attention from
the country's very considerable achievements in the economic sphere. (1997, p. 4-5).

What seems to be worth underscoring at this point is the fact that Polish society in great number welcomes foreign investors, which means building closer ties with the Western world. The benefits of foreign investment mean an improving standard of living, which had been repressed by the long and hard 'sovietization' of everyday live.

**Legal Framework**: The change in the legal system towards opening Poland to foreign investments has been mostly accomplished, and it is based on the following statutes:

1934 - Commercial Code.

1988 - The Economic Activity Act - specifying which economic activities require some form of prior governmental authorization (one of the last acts of the Jaruzelski regime).

1991 - Foreign Investment Act - ensures payment of compensation to foreign investors, up to the extent of their participation in the assets of a company, for losses from the nationalization or expropriation of assets.

1991 - The Law on Companies with Foreign Participation - all profits of foreign investors may be freely transferred after the payment of taxes. The foreign partner also has the right to transfer the amounts obtained from the sale or redemption of shares in a company, as well as the amounts due in case of
liquidation of the company and amounts due as compensation for expropriation or other measures equivalent to expropriation.


Two of the documents, the Commercial Code, and The Law on Companies with Foreign Participation, are fundamental when dealing with foreign investors concerning issues of foreign investment.

Legal forms: Two types of business activities are available for foreign investors: limited liability companies (Spolka z Ograniczona Odpowiedzialnscia), based on agreements between private partners, and joint stock companies (Spolka Akcyjna), based on a statue passed by Sejm.

Business Required Concession: Foreign investors need permission from the Ministry of Privatization in order to carry out the following activities:

- management of sea ports and airfields;
- real estate agencies;
- defense industry (not subjected to licensing);
- wholesale trade in imported consumer product;
- legal services.
Banking: At least three legal entities or 10 private individuals can found banks. Permission must be attained from National Bank of Poland, in consultation with the Minister of Finance.¹

Insurance: At this point, foreign investors are treated in the same way as are Polish nationals.

Contributions to the Initial Capital: Two types of the contributions made by foreign parties are distinguished: a monetary contribution, and an in kind contribution. The latter is not a subject to any customs tariffs.

Commercial Representation of Foreign Companies in Poland: Three types of offices can be formed by foreign investors: Supervisory Office (the performance of the office is based according to the contract entered into between a Polish and a foreign company); Technical Office (the function is limited to disseminating product information and promoting the exchange of knowledge); Branch Office (limited to supplying information, advertising, searching for customers, or negotiating and signing contracts on behalf of a foreign company). Permission to open a technical or branch office can be issued by the Ministry of Foreign Economic Relations.

Employment: The number of employees is not limited. The salary range also depends upon a company’s economic and fiscal condition and is no longer set by

¹ An interesting requirement is that at least one person on the board of directors must be a Polish citizen.
the government. However, foreign employees must be employed through the issuing of a work permit obtained by Bureau of Labor.

**Taxes:** As with most Western states (including the United States) agreements protecting companies from double taxation have been concluded. Taxes paid in Poland are credited towards a foreign company’s obligations in the home country. Taxation is limited only to the income earned within the territory of Poland.

**Property Rights (Real Estate):** Hunter and Ryan (1997) draw a picture of contemporary Warsaw, the capital of Poland, which differs drastically from the one, viewed only few years back. In fact, Warsaw has gone through an amazing change in the last decade, which make it almost unrecognizable in many ways. These changes, with new neon signs of McDonalds, Amoco, Marriott, or IBM, just to name a few, are a visible effect of the new boom in commercial real estate that has accompanied the transformation. According to the new Polish constitution signed in 1997,

> [e]very person has the right to ownership, other property rights, and the right inheritance. Ownership, other property rights, and the right of inheritance are subject to legal protection that is equal for all. Ownership may be restricted only by law and only to the extent to which it does not abridge the essence of the right of ownership” (Polish Constitution, Article 64).
A government permit is required in regard to transaction involving other than a small amount of real estate. It can be attained in an outright purchase, or in a so-called 'perpetual leases' arrangement.

Special Economic Zones have been established to attract investment into areas of the high unemployment by providing additional tax relief. The main incentives for companies investing at least 2 million ECU or employing more than 100 persons are:

- Exemption from income taxes for the first 10 years, and a 50-percent tax break for the following 10 years.
- A 10-year exemption from real estate taxes as well as from VAT liability for goods manufactured in the zone and then sold in the domestic market.

Lesser tax breaks are available for companies investing less than 2 million ECU or employing fewer than 100 people. The zones are to exist for 20 years.

The first special economic zones were established in Mielec (southeastern Poland), in Silesia (in the environs of Katowice, Gliwice, and Dabrowa Gornicza), and in the northeastern part of Poland (around Suwalki, Elk, and Goldap).

The advantage of the Special Economic zones in regard to foreign investments has been noted:
Conducting business activity in Special Economic Zones in Poland can provide substantial advantages for investors. On the other hand, as different conditions apply for different zones, detailed knowledge of the regulations regarding the particular zone in which a taxpayer operates and careful tax management are essential in order to obtain and benefit from tax breaks. (Kubińska, Durski, p.1)

**Capital Policy:** “Poland has created a healthy and growing equity market” (Country Guide, 1999, p.78) – the phrase is best viewed in connection with the 1991 Law on Public Trading in Securities and Trust Funds. This law created the legal framework for existence of a capital market and introduced its major representative, such as the Warsaw Stock Exchange (WSE)x, which can be compared to the one closed in 1939. To be considered as a member of the WSE, the approval of the Polish Securities Commission remains necessary.

Generally, the development of the WSE can be presented as follow: starting with only 5 listed companies at the beginning (1991); reaching the number of 175 companies in 1998; capital investment has increased through the decade from 142 million $ to 14 billion at the end of June 1998 (representing approximately 10% of the GDP). In 1994, the WSE was admitted as a full member of the International Federation of Stock Exchanges. As predicted by WSE specialists:

In the future the process of privatization will include the largest Polish companies, like oil industry, power grid, as well as largest State-owned banks. This will result in a substantial increase of the exchange capitalization” (www.warsawstock.com)
Privatization will be the last but certainly not the least important issue to be discussed. “One should distinguish,” warns Balerowicz (1995) himself, “between the spontaneous growth of private firms and privatization, which involves shifting the assets from the state to the private sector.” (p.180). The key document, The Law on Privatization of Self-Owned Enterprises, regulates the process of privatization which is undertaken in three forms: Capital Privatization (businesses are converted into joint-stock companies at this stage and are owned by Treasury, and then are eligible to be sold to private investors); Direct Privatization (which allows three forms of privatization: sale of the whole or part of the company under ‘fast track’ privatization; transfer of the business as a joint-venture; and lease of the business); and Mass Privatization (through the distribution of shares of the largest state owned companies), and the creation of the National Investment Funds.
POLAND'S INVITATION

The first line on EBS Poland Internet site says, "Poland has emerged as arguably the strongest and most attractive market in Central Europe." (www.ebspoland.com). According to its authors reasons to invest in Poland are:

- Poland has been designated by the US as one of the top ten "Big Emerging Markets" in the world, along with China, Brazil, and Mexico – the only European country selected;

- Poland possesses a highly educated (skilled), but low cost labor force;

- Poland’s proximity to Germany, CEFTA and Commonwealth of Independent States (former Soviet Union) markets;

- a prevailing U.S. “friendly” attitude;

- Poland possesses a high level of U.S. private and governmental support and activity;

- Poland enjoys a high degree of political stability evidenced by its acceptance into NATO and eventual EU membership, perhaps by 2003.
The above list would not quite "exhaust" the discussion because two important questions must be investigated: is it really worth doing business in Poland, and, why would someone wish to do business in Poland?

Some of the issues (among them political stability and economic performance) have been already mentioned. Together they prove that Poland is becoming more attractive as a market for foreign investors. In a short, the report prepared by U.S. Department of Commerce under the direction of Susanne Lotarski, chief of the Central and Eastern European Division and a Board Memebor of the Polish Institute in New York, commented that:

The region as a whole (in particular Poland) is growing very rapidly, at a rate of 4 percent [annually], fueled by the entrepreneurial firms that have sprung up in the past five years or so. These will be fast growing markets for U.S. companies and entrepreneurs”(www.ita.doc.gov/media.htm, p.1)

According to the Polish Agency for Foreign Investment (PAIZ) foreign companies had invested $38.9 billion in Poland since 1989, and during the first half of 1999, the inflow of FDI reached nearly $5 billion alone. As derived from the detailed table (fig.9), U.S. investment activity in Poland is on the second position, with $5bn amounting to 15.6% of total FDI.

<table>
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<th>No.</th>
<th>Country of origin</th>
<th>Capital (millions of USD)</th>
<th>Invested Planned (millions of USD)</th>
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<tr>
<td>33</td>
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Total value of FDI over 1 mln USD: 131,988.7
Estimated value of FDI below 1 mln USD: 3,518.8
Total FDI in Poland: 35,507.5

Prepared by the Research Department of PAIZ, February 1999*
Baylis (1994) points out several advantages of investing in Central and Eastern Europe: gaining access to potentially large markets of the region; reducing production costs through cheaper labor costs; and the high education level of the workers. (p. 140 - 144) These advantages are certainly true for Poland in particular.

Reduction of the production costs is the second commonly repeated factor working in favor of Central and Eastern European countries, especially Poland, when investors decide to engage in foreign direct investment. What seems to be of great importance for foreign investors is a fact that wages are well below those established in the West, yet the quality of work performance is unquestionably not far below, if not equal, to Western standards.

Poland has actively participated in implementing modern industrial productive practices, educating its workforce through the decades to become productive and well respected specialists. In regard to the Polish labor market, Doing Business in Poland (1998) states: “Skills are abundant and labor is plentiful.” (1991, p. 171); De George (1992) sharply underscores this view:

...the workforces in these countries ... contain skilled as well as unskilled labor, are reasonable educated, and are in several ways easier to work with than workers in less developed countries.
The former Soviet block countries share a European heritage and culture, have been through the industrial revolution, and are ready to experience the industrial and productive development they were unable to achieve under Communist rule. (p. 140).
As of mid 1998 as noted by the American Embassy’s Report (1999), Poland’s economy employed 15 million people. The average wages rose to over $335 per month. On the negative side, Damrau (1992) makes a point that is hardly visible in other readings:

Even more significant, the potential of East Central Europe as a source of inexpensive but talented labor for Western investors supplying Western Europe has diminished over the past year. The cost of establishing a new operation in Warsaw or Prague – finding office space, hiring and experience, multilingual staff, securing legal and accounting expertise … – are as high as in major West European cities. (pp.38 – 39).

According to Damrau there is also a threat of diminishing this major attraction of cheap labor. Let us move to a discussion of several interesting points raised by John Asimkopoulos (1999) in his yet unpublished dissertation - "Comparative Analysis of European and American Working Class Attainments: Equality, Living Standards, and Social Structure of Accumulation."

Two chapters of his work discuss business performance, first by the U.S. in Mexico in the context of NAFTA, and second, Western European investment performance in Eastern Europe and its implications for the standard of living in West European countries: “Specifically, I argue that citizen workers of developed high-wage European Union countries are facing, and will face, a decline in their wealth given capital movement out of and labor migration into these countries.” (p.198).
The migration, however, as stated in the *International Migration Bulletin* (1996) reported by United Nation Economic Commission for Europe, is a notable characteristic of the transition to a democratic society and market economy in Poland (www.unece.org). Without a doubt an "inverse brain drain" would not positively impact the Polish strength in domestic human recourses capital.

Another factor must be stressed at this point. Whereas before 1990, Poland would not attract young people to stay in Poland by giving them a real opportunity to live under Western standards, today's Poland offers a number of attractive opportunities. "Also, it appears that the propensity for educated people to emigrate is declining, as possibilities for employment in the country increase." (www.unece.org, p.1)

There exists a real opportunity for a number of Poles to get a good, well paying job in Poland. Many young people are driven by career goals in Poland, which can be meet – something that others completely lacked during the communist period. Of course, statistics would show a different procedure concerning less educated Polish citizens from all over the country. But this would be especially drawn from small towns and villages, whose citizens might still be tempted by better paid employment beyond Polish boundaries – especially in the West and the United States. Nevertheless, what has drastically shifted in Poland through the last decade is an understanding of the work place,
the implications of financial risk, and advanced employment opportunities. Especially attractive are jobs in the financial sector, in communication, and in computers.

In conclusion, it would be useful to note that, according to Asimkopoulos' Central and Eastern European (Poland's in particular) migration of workers will not continue to be a growing phenomenon, and that "...much of the income earned abroad flows back to the home countries..."(p.123). The later would not only help families left behind but also would actively be exchanged in participation in small business development as well.
CONCLUSION

It would be helpful at this point to cite Jeffery Sachs (1995):

Of prime importance would be a concerted effort to attract foreign investments. Modern experience demonstrates that countries integrate economically with their neighbors not merely via international trade, but also via cross country networks of production. (p.111).

Emphasizing Sach's view, all business activities in Poland and in the rest of the Central and Eastern European countries should be about integration, making this region a part of world economy, and an important player in international economic and political affairs.

What can clearly be derived from the study of literature on the subject is that the Polish market has not yet received the full trust of all potential investors. Poland, along with other post-communist states of the region, is eager to sign business contracts with foreign investors, and has proven to be reliable, and fully trustworthy. On the other hand, it would be very unwise for potential business partners to ignore the simple fact that Poland is still in transition and has not yet fully emerged or matured as an equally measured partner. Data can suggest one direction of 'business-thinking' (recent data from PAIZ indicates that Poland is making substantial progress) but history, and especially recent history, will for a long time to come 'recommend' caution.
It would not be surprising that all of the authors-economists might join in the same conclusions concerning the future of the entire region, including Poland:

It just remains for the West to help the East seize its historic chance... (Sachs, p.114)

Nearly at the end of the twentieth century, it remains to be seen whether the irrepressible spirit of Poland ... may prove worthy of the challenge of the postcommunist era. (Hunter, Ryan, p.202)

And finally:

In sum, the Polish experience should be taken as a hopeful one for reformers in other postcommunist economies. It shows ... that a heavily-indebted postcommunist economy can retread from the brink of hyperinflation, be reoriented away from trade with its former political allies, effect dramatic increase in the private share of economic activity... (Slay, 1994, p. 187).
-- CHAPTER III --

ONE RESEARCH

AND TWO METHODS
This study could not be successfully completed based only on secondary research methods. W. Lawrence Neuman (1997) stresses a focus on analyzing, rather than merely collecting data (p.285), and he reveals the most important of obstacles. Opponents of this method have argued that it lacks objectivity, lacks direction, and provides tentative and not easily generalizable conclusions (Goodman, Kruger, 1988). In addition, a remark made by Richard Jurek (1997) should not be underestimated:

Researchers know that large number of statistical mistakes in secondary research are due to misinterpretations of primary findings or the faulty research designs of primary sources. Indeed, much can be said about mistakes made in primary research from simply basing market inference on two-way cross tabulations instead of a more complex and meaningful multivariate approach. What compounds the errors of a primary source, though, are market inferences made from secondary research based upon its faulty findings. (p.37)

However, "...it becomes obvious that the toolkit of the competent information professional must include an understanding of the methods of both paradigms." (Liebscher, 1998, p. 668). In other words, the conclusion would not find its proper justification without referring to the database.

Secondary data can be defined as data collected by others, not specifically for the research question at hand. In the article, "The Use of Secondary Data in Business Ethics Research" (1998) Cristopher J. Cowton distinguishes the following sub-sections separating secondary data according to certain broad categories of sources:
- governmental and regulatory bodies;
- companies;
- the press;
- other academic researchers, and
- private sources.

In addition, the author points out:

The discussion so far has suggested that there are certain pragmatic reasons why secondary data might be preferred to primary data; they are probably less costly, might be less biased, or primary data are inaccessible. However, the two types of data are not simply substitutes for one another, More often they can function as complements, perhaps serving to make up for the inadequacies of the other or providing confirmation. (p. 430)

A valuable voice in the discussion has been raised by Martyn Hammersley(1992) who, by comparing quantitative and qualitative methods of research, concludes:

...what is involved is not a simple contrast between two opposed standpoints, but a range of positions sometimes located on more than one dimension. (...) the selection among these positions of the research ought often to depend on the purposes and circumstances of the research, rather than being derived from the methodological or philosophical commitments. (p.172).

Continuing the discussion regarding the qualitative paradigm, Lincoln and Guba (1985) list the following major characteristics: credibility, transferability, dependability, and conformability(pp.24 - 30). According to Hammersley, there are five fundamental obstacles arguing against the validity of this research method. (pp. 11 - 12) Such research:
1. Reduces the chances of discovering evidence at variance with the assumptions of the researcher.

2. The artificial setting created by researcher becomes a highly questionable form of generalization.

3. Neglects the complex relationships between attitudes and behavior while relying only on that people say "about what they believe and do."

4. Neglects the process of social phenomena by which they develop and change.

5. Neglects the creative role of individual cognition and group interaction by assuming that people action are the mechanical products of psychological and social factors.

Later, Hammersley concludes:

...we must beware of claims that it has a superior potential for making a contribution to policy making compared with other meatheads. Like them, it has its strengths and weaknesses. Like them, its potential contribution to practice is limited by the nature of practice and the sorts of knowledge that practice demands. And like them it must take different forms depending on its intended product, and is usually most usefully directed towards producing valid knowledge that is of general relevance.

(p.134)

In regard to this secondary method of research, Victor V. Cordell following Patton(1990) urges that the researcher should not impose preexisting expectations on aeras of interest. As an effect he inclines to use 'open-ended' data collection which:

Permits the researcher to detect patterns and to apply inductive logic in theory and hypothesis generation. Results are thus grounded in their
specific context, and theories generated are grounded in real-world patterns. (pitt.edu)

The latter brings to my attention an important rule for 'open-ended' interviews used in this study.
RESEARCHING CONTEMPORARY POLAND

One attempting to analyze today's situation of a country like Poland, or any other nation belonging to the region of Central and Eastern European, will at a very early stage of the research realize how important it becomes to use both, primary and secondary methods, and then how valuable it remains to emphasize the qualitative method.

The discussion regarding secondary research available in China, which nowadays appears to be one of the strongest emerging markets, proposed by Luk(1999) resembles in great part the conditions one meets while analyzing the Polish market and its ability to receive foreign investors. The main difficulty in the case of China and Poland, as well as other emerging markets of Central and Eastern Europe, presents the question of the statistical accuracy of secondary data published by governmental organizations. Most foreign researchers "have criticized the fact that some published statistics contain relatively high margins of error that fall beyond the tolerance range of reliability" (p. 356). But reliability will not be the only important 'problem' of secondary research. Neuman(1997) points out another - validity:

[When the researcher's theoretical definition does not match that of the governmental agency or organization that collected the information. ... Another validity problem arises when official statistics are a surrogate or proxy a construct in which a researcher is really interested. ... A third
validity problem arises because the researcher lacks control over how information is collected. (pp. 287-289)

The limitations of secondary research that were previously presented are not the only reasons for exploring primary methods while preparing this study. The most important is the fact that the Polish market is far away from stabilization and maturity. One would describe it as an 'ongoing process', and that the Poland's market, as well as other Central and Eastern European markets, is at the beginning stage of free market (capitalism) development.

But the aim of this study is not limited to quantitative research paradigms. What has been especially emphasized here is the use of qualitative method while researching the topic of the climate of American investments in Poland. The topic of this thesis clearly states that it is a climate of foreign investments that finds its focus. Therefore, it would be very difficult to describe a process not having an opportunity to talk to these individuals who have had significant input into the process about it afterwards.

It would be helpful to distinguish two major groups of individuals who have been interviewed during the preparation process of this thesis.
Each group of interviewees (figure 1) provided valuable, yet often conflicting points of view, that became valuable during the process of analysis and later in making conclusions. I also found that the climate of American investment in Poland and its future development greatly depends on the correlation between these groups.

It will be interesting, at this point, to discuss my experience gained during two interviews I conducted in one of the major American steel company investing in Poland. One of the interviewees high officer of the Corporation, and a native Pole, has been actively involved in the Polish entire post-war experience, including close cooperation and consultant role with the new post-communist government. The informant provided a wise and an extremely resolute point of view regarding the future of foreign investments in Poland. My source's involvement in Poland's development comes directly from his roots, cultivated throughout the period of his long emigration. On the other hand, another
informant of the same Corporation, native American, presented a notably valuable "American" point of view on the same topic. These two meetings, and the conclusions drawn from them, became a solid foundation for an objective summary of what is the Corporation's position toward investments in contemporary Poland. What I learned from these two meetings, in turn, easily extends to the entire research project and gives me the basis for the most adequate answers to the questions asked at the beginning of the research.

This example reveals another method used while collecting data - joint interviews. Linda Harris(1999) notes that among the disadvantages of this method is the possibility of one person dominating the other. There is also, a long list of the positive aspects of this method: it helps to establish rapport and an atmosphere of confidence; it reveals the different kinds of knowledge held by each person; and it produces more complete data as interviewees fill in each other's gaps and memory lapses.xiv

Another, important factor that has to be underlined here is the research procedure undertaken. The graph below (figure 2) represents the entire process that I have gone through in order to complete the study. The cycle of my work includes secondary library research; quantitative research based on the secondary findings; primary research, including ethnographic interviews and qualitative methods; as well as the advise and help provided by my professors.
There are two other elements to be considered. First one is the special care needed during the research process to keep 'time accuracy'. The study tends to be relevant to current events in Poland's political and economic conditions. Therefore, the conducting of interviews, as well as getting access to number of companies reports the factor of their factual importance.

Second, field notes from the interviews conducted were kept systematically. During my interview process I found my interviewees very helpful, cooperative, and candid. A number of interviews were conducted in Polish - therefore my own translation into English was required. However, I mostly translated these parts of the interviews that I found useful for my writing.
In conclusion, combining two research methods, primary, and secondary, seems to me necessary while approaching such demanding topic as describing the country's condition under the transformation process. Being timely, adequate, and substantially valuable I am strongly convinced that this combination allowed me to finalize my project.
-- CHAPTER IV --

POLAND POSSIBILITIES AND CHALLENGES
POLAND AND WHITE HOUSE AFTER WORLD WAR II

In the letter dated March 15th, 1999 to Mr. Michael Sendzimir, Chairman, president, and CEO of T. Sandzimir, Inc., the former President of the United States, George Bush, revealed:

I enjoyed our chat there at CCSU and appreciated your very kind words about the role my Administration played in helping Poland to become free. I have very warm spot in my heart for the Polish Nation and for the Polish people. (letter George Bush to Mr. Michael Sendzimir, see appendix)

Quoting George Bush at the very beginning of this chapter is important for a proper understanding of the impact President Bush and his government has had on general Polish-American relations which began at the end of the 80's, and business cooperation in particular. "For me, stated Longin Pastusiak(1992), President George Bush is the most experienced in International Affairs and also the most knowledgeable in Polish matters president of the United States."( p.302)

However, this positive evaluation, and the unique popularity of President Bush among Polish society throughout the decades of the 80's and into the 90's, has its connection with the fact that the Bush Administration operated at the most weighty moment of new Polish history (1989-1993). He began his presidency just a few days before the Polish Round Table commenced. Although it would be quite instructive to state that Poland would have received a strong
support from any president of the United States at this juncture in its history, we should still keep in mind the long standing and strongly rooted character of the foreign policy of the Bush Administration toward not only Poland but the entire Central and Eastern European region.

The political attitude which would best be described as the aspiration to overcome Soviet domination in this part of the Europe had been the engine driving the efforts of assistance in Poland's struggle with communism.

Before proceeding with a more detailed analysis of American investment in Poland, its current status, positive and negative aspects, perspectives and potential developments, let me generally outline Polish-American economic and political cooperation in the course of postwar history. I have decided to briefly describe its character according to the chronology of Presidential Administrations.

In spite of the power-state configuration just after the World War II, the Truman Administration (1945-1953) did not have much business involvement in Poland. The world, with two emerging doctrinal camps, had been preparing for the dropping of the Iron Curtain. Therefore, although on a few occasions Poland was a key player it could not and did not find its measure of justice. As earlier by Franklin D. Roosevelt, and later by President Truman, the issue of Poland was resolved based on a compromise, which was "the best one to achieve" (Truman, 1955, p. 411). The same compromise had resulted a decline of United Nations
Relief and Rehabilitation Administration (UNRRA) help in January 1946, and later in the withdrawal of Poland from Marshall Plan at the absolute insistence of Stalin. By 1948, Poland was firmly within the Soviet "sphere of influence" and lodged squarely behind the "Iron Curtain." Most Poles in the United States felt uniquely betrayed by President Roosevelt for "selling Poland down the river" at Jalta but political reality dictated a solution more suitable to Soviet desires.

Consequently, what seems to be important is the fact that President Truman, in any number of his declarations about Poland, had distinctly differentiated the postwar communist Polish government from the Polish nation. It seems that all following occupants of the White House have adopted this important distinction.

Without a doubt, the 1956 nationwide social movement which began in Poznan, and which resulted in political changes in Poland (the so called "Polish October") erupted into a "boom" in Polish-American economic relations. The United States allowed Poland to buy surplus grain products (based on the PL - 480 Act). These purchases were made on the basis of long term credits, only partially returned in dollars.

President Eisenhower was committed to strengthening Polish-American trade cooperation, and in general broadening economic cooperation between two states. President John F. Kennedy represented the same attitude toward the issue.\textsuperscript{v}
I do not think that claim that some shopkeeper selling in his store Polish ham is not an American patriot - it was at the same time big contribution in fight with the communism." (J.F. Kennedy, p. 459, 1962).

At the same time, a number of other initiatives were launched, for example, in the cultural, scientific and educational fields. Cooperation in commerce also evidently changed thanks to restoration of Poland's or "most favored state nation" (1960). The trade in the first 4 years of the 60's is shown on the figures 1 and 2.

**figure 1 (it shows Polish-American sales activities)**

<table>
<thead>
<tr>
<th>Year</th>
<th>in mln device zl.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>462</td>
</tr>
<tr>
<td>1961</td>
<td>625</td>
</tr>
<tr>
<td>1962</td>
<td>483</td>
</tr>
<tr>
<td>1963</td>
<td>512</td>
</tr>
</tbody>
</table>

*source: GUS*

At the same time, the percentage of Polish export to the United States had increased and proved visible improvement:

**figure 2 (it shows Polish export to the United States)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rise of Polish Export in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-1960</td>
<td>Aprox. 7 per year</td>
</tr>
<tr>
<td>1961</td>
<td>12.4</td>
</tr>
<tr>
<td>1962</td>
<td>19</td>
</tr>
</tbody>
</table>

*source: GUS*
The economic cooperation initiated during the Eisenhower and Kennedy Administrations did not really enter its full stage of development until the Nixon Administration. It is worth noticing that President Nixon (on May 3, 1972) was the first president of the United States to officially visit Poland. Poland also provided the venue for numerous diplomatic missions in the 1960's and 1970's - most notably, the unofficial talks that took place between the United States and China in Warsaw. 1972 also significantly marks the dynamic development of Polish-American economic cooperation a number of agreements were signed at that time. Among the most important were:

- 8 August 1971 - Research Cooperation in Transport;
- 4 May 1972 - Protocol of the Extension of Personal Exchange and Academic Cooperation between PRL and USA;
- 31 May 1972 - Consular Convention;
- 19 July 1972 - Agreement on Aviation Communication;
- 31 October 1972 - Agreement on Scientific and Technical Cooperation; and
- 8 November 1972 - Protocol on Trade Exchange.

Close Polish-American cooperation during the Nixon's years was strengthened by his successor, President Gerald R. Ford. Two official meetings took place, starting with Edward Gierek's visit to the White House, on 8-13 October, 1974, and President Ford's official return trip to Poland on 28-29 July,
1975. A number of agreements were signed during this time. Some of them included:

- a common statement about the development on economic, industrial, and technological cooperation;
- an agreement on medical cooperation;
- an agreement on coal mine cooperation; and
- an agreement between Polish Chamber of Foreign Trade and Chamber Commerce of the United States.

It was a goal of both governments to achieve a trade exchange as high as 1 million dollars in 1976 and 2 million dollars in 1980, and to achieve a balance of trade between both states in 1980. Although this goal was not attained, the presidency of Gerald Ford brought another important development in Polish-American cooperation. Longin Pastusiak (1992), who conducted, and then published an interview with President Ford, pointed out that during the Ford Administration Polish-American cooperation reached its peak. The former president stated at one point of the interview:

Myself, and Department of State, with its head Henry Kissinger, thought that Poland deserves more attention than other countries. .... Besides, many of officials with Polish ancestry, as well as other American politicians at that time esteemed that both states do have some kind of special bond with Poland and Poles. (p.195).

Regardless of Pastusiak's opinion, it was during President Jimmy Carter's Administration that the expression "Polish Mafia operating in the With House"
was frequently mentioned in the American press. In fact, a number of high governmental positions at that time were occupied by Americans with strong Polish roots\textsuperscript{xvi}.

American business interest in investments in Poland had also followed the earlier route taken by both Ford and Gierek, although the value of trade cooperation was weakened in the beginning of the 1980s because by the suppression of Solidarity and the imposition of Martial Law. The United State reacted by imposing harsh sanction on Poland, many of which lasted well into the middle of the decade of 1980. Many reasons for that visible stagnation existed. At least two seem worth noting: a protective tendencies within governing circles of the United States; and second, the deepening economic crises in Poland., which reached critical mass in 1979-1980.

However, still, as shown in figure 3, the trade value between the two countries was quite satisfactory:

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|c|}
\hline
 & 1977 & 1978 & 1980 \\
\hline
Import - mln & 1811,7 & 2238,3 & 2351,3 \\
Export - mln & 1214,3 & 1463,8 & 1298,5 \\
\hline
\end{tabular}
\caption{figure 3}
\end{table}

source: GUS

When Ronald Reagan took the presidential oath on 20 January 1980, the situation in Poland had already created a very tense problem waiting to be resolved. For the period of the entire Reagan Administration, Poland would play
a major role in larger Washington-Moscow relations. Initially, because of the Solidarnosc movement, and later because of the establishment of Martial Law in Poland on December 13th, 1981. The President Regan himself commented: "[the] Situation in Poland is astonishing ... It was something, we had been waiting for since World War II. What happened in Poland, could as an epidemic spread into the entire Eastern Europe." (Reagan, p.301).

Most of the decade of the 1980's proceeded under the hardship and uncertainty of Central and Eastern European communist block's future. No one, including Washington officials, had a doubt that the communist era would undergo a major 'reconstruction'. At the same time, no one would really answer the question of how this 'reconstruction' would end, and, most importantly, how it would influence the rest of the world. Poland found itself being at the very center of all the anxiety and fears. The process of reconstruction started in Gdansk shipyard named for Vladimir Lenin and it was clear that the final act would belong to Moscow. While events in Poland were deemed important in their own regard, in Washington Poland was perceived in great part through the prism of American-Russian politics. In his memoirs President Reagan admitted:

People in Poland determined to fight with communism rose in a final historical fight for freedom, which meant beginning of the end of the Soviet empire - yes, it was an empire of evil. (p.723).

This short analysis given above leads to the first conclusion of this chapter describing the American attitude toward Poland throughout the postwar period.
For most of the 20th century, Poland did not represent a valuable and profitable partner for American investments and business opportunities. In reality, it had become a less or more important card of the broader, cold war game between two super power camps, the United States and the Soviet Union. In fact, there developed a real dichotomy of words:

- Poland was often mentioned in demagogic terms as a nation discovering its courage throughout its history, to partake in American history and freedom. Details were frequently omitted in such statements, which were often served up to assuage domestic political concerns or to play the "Polish ethnic card" in a variety of U.S. elections.

- Yet, real actions of the White House were directed toward the interests of the American nation. But this quite logical and restrained attitude could be explained by the geo-political situation of postwar Poland.

Poland of the 1990's shows a new reality and a new opportunity. The first to explore this new situation was President George Bush, who along with President Lech Walesa, the new democratically elected President of Poland, created quite a different basis for Polish-American cooperation. This cooperation created hopes and dreams for Polish nation.
NEW OPPORTUNITY

The proposal called the Bush Plan was presented on April 17, 1989 in Detroit. It was conceived after George Bush was sworn in as the new president of the United States. It was the first constructive reaction toward the changes undertaken in Polish political and economic scene. The Plan was based on the following assumptions:

• There was no chance for Poland getting any support without the adoption of 'healthy' and real economic reform.

• President Bush promised cooperation with the Paris Club in order to deal with the reconstruction and management of Polish debt.

• Efforts toward the development of American business investments in Poland should be undertaken.

• Efforts toward the development of joint economic cooperation between Poland and America should be explored.

• Cooperation in the fields of science, culture and education with special emphasis on helping Poles to shore up their faith and hope in the course of changes, should be undertaken.

With regard to the Bush Plan, Longin Pastusiak (1992) has noted: "The Bush Plan, in its core, was very humble, if the dollar would be taken under consideration." (p. 278). But the Bush Plan meant more than mere dollars.
Notwithstanding the "dollar commitments", Pastusiak could be quite right when considering the request of Solidarity for 10 billion US dollars. An interesting point was recorded by former Secretary of State James A. Baker (1995), who noticed the opinion expressed by Tadeusz Olechowski during the meeting on Conventional forces in Europe (CFE) in Vienna in March of 1989:

It is also clear that the Poles - like Hungarians - wanted American support for their efforts. It is not enough for you to be observers. The time has come to finish with small steps and support our process. You shouldn't be upset Mr. Secretary."(p.64).

Poland was the first among the Central and Eastern European states visited by President Bush. The high hopes of many Poles, however, had not been fulfilled. But, what is important to understand is the fact that politically the Bush Administration had played a tremendous role in the crucial transformation process.

As stated by one of the interviewed officials who was close to American and Polish political circles at that time: "I think, that at the beginning Bush and the government attitude was very important, but now it is basically much less important."(Interview, 1999) What is expressed in this opinion is the attitude of American businessmen and a number of investors who would afterwards decide about Poland as a trustworthy and lucrative place to invest money. The $200 million credit dispensed to Poland by the American government and its use by
Poland would be the best proof of the Polish attitude and its ability to manage foreign investments.

THE POLISH-AMERICAN ENTERPRISE FUND

Over the last decade U.S. AID has established a score of regional "growth" funds; the Overseas Private Investment Corporation, a fount of corporate welfare (subsidized insurance of private investment abroad), has created another seven, and several other regional funds are currently raising capital. Between 1990 and 1993 Congress funneled 28 percent of U.S. assistance to Central and Eastern Europe through four regional enterprise funds - Polish, Hungarian, Bulgarian, and Czech-Slovak. (Cato Policy Analysis, 1996, No.20, p.1)

In 1990, the U.S. Congress brought into existence the Polish-American Enterprise Fund (PAEF) to support the development of the Polish private sector. Former U.S. President George Bush announced the founding of PAEF during his visit to Poland in July 1989. Bush described the fund as "...a gift from the U.S. nation to the Poles." (Warsaw Voice, 1998 Nr.20). It was in honor of Poland's rising democracy. Nobody really expected PAEF's activities to originate any profits or that the fund would become a primary source of support for the creation of entrepreneurship in Poland. It was more symbolic than real, nevertheless, it was an important symbol.

The U.S. government gave $240 million to PAEF and associated programs. In the entire fund disbursed more than $500 million. Today, enterprises in which the fund has invested, produced a combined revenue exceeding $1 billion, and
employ more than 21,000 people: "For the four European funds, U.S. AID reported that only one Fund (Polish) will reach a sustainable operating level..."
(Cato Policy Analysis, Ibid. p.6)

In addition to more than $200 million worth of loans, other investments have been made—a total of $310 million at the end of September 1997, relying on data supplied by Polish Agency for Foreign Investment (PAIZ). The PAEF is the largest U.S. investor in Poland, and fourth on PAIZ’s list of the largest foreign investors in Poland. In the 1997, it made a $3.3-million profit from its operational activities alone. The Enterprise Fund Group, armed with more than $500 million, has become one of the largest investors in Central and Eastern Europe.

PAEF is the main shareholder in Polish Private Equity Funds I and II, established in 1992, as well as the Polish Enterprise Fund, operating since 1997. All of these funds, managed by Enterprise Investors, make capital investments in private companies and privatized state enterprises. They have established joint ventures with private businesses, including ComputerLand (computer systems), Lukas (consumer loans), Polish Energy Partners (electrical energy production), and Szot Int. (car parts production).

The fund also participates in the privatization of state-owned enterprises through an independently prepared method called capital-managerial privatization, through which Polish management boards become active participants in the privatization of their enterprises. Energoaparatura Katowice,
Hydrotest Kraków and Stomil Sanok serve as examples of this privatization method. The funds have also invested in enterprises privatized through public share issues, including Elektrobudowa Katowice, Polfa Kutno and Zaklady Metali Lekkich Kety.

PAEF is a shareholder in several banks and financial institutions. Along with Wielkopolski Bank Kredytowy, it is a founder and shareholder of the Polish-American Mortgage Bank, the first mortgage bank in Poland. The fund is also a shareholder in the exchange-listed First Polish-American Bank in Cracow and in RaboBRP Bank, established in 1994. In 1996, along with General Motors Acceptance Corporation, PAEF invested in Polbank SA (now renamed Opel Bank Polska), which specializes in car loans.

Another PAEF initiative was the Corporation for Financing Residential Construction. In 1996, the Canadian corporation and investor Cadim established the Polish Real Estate Fund with capital of $10 million. Another major success was the establishment of Microlending, specializing in loans for budding business owners. Over the past three years, Microlending has granted loans to more than 7,000 businesses.

Companies are not the only beneficiaries of the fund. Krzysztof Pawlowski, rector of the Higher School of Business-National Louis University in Nowy Sacz, the first institution in Poland to adopt the standards and curricula of an American school, said his university received various forms of help, including
its alliance with American universities and funds from the U.S. Information
Agency that paid for the appearance of 27 professors in a lecture series xviii.

In 1993, at the beginning of our school’s operation when we had to
struggle for students, the fund’s assistance was priceless to us. Thanks to
scholarship funds, tuition fees at our school could be kept at an acceptable
level and enabled the school’s development. I am convinced that simple
assistance rendered to Poland has come to an end and that from now on
we have to cope on our own. The time has come for us to start helping
others, also for ethical reasons as there are nations close to us which need
much more than we do. (Warsaw Voice, 1999, www.warsawvoice.com, p3)

In the article, "A Helping Hand Pays Off" (1999), former Economy Minister
Wieslaw Kaczmarek added that there is a need to establish an equally efficient
Polish fund financed from public money. (Ibid.)

Finally, the opinion expressed by Zbigniew Brzeziniski:

There are plans to transform the fund into a perpetual Polish-American
foundation with at least $150 million, based on American money but
operating in Poland for the development and strengthening of democracy
in the Polish nation. It will no longer be an enterprise fund aimed at

Doug Bandow (1996), in the article called Uncle Sam as Investment Banker:
The Failure of Washington’s Overseas Enterprise Funds, strongly underlines the core
of the US Funds was first to promote development and just secondarily to make
a profit. The author also outlines the main problems of the "Uncle Sam's"
Attempts: political, problematic investments, and administrative failure.

According to the 1996 U.S. AID report "only one Fund (Polish) will reach a
sustainable operating level soon..." (Bandow, p.1) Today, at the beginning of the
21st century, time has proved that PAEF has become one of the most powerful "helping hand's" given to Poland. It proves that it is worth investing in Poland. It shows how Poles, while having had little access to resources, knowledge, and information have been able to mange funds. Omitting the long discussion on PAEF, and the question if the money invested in the Fund at the very beginning should remain in Poland or not, let me quote one of the respondents, who in a news-group discussion, stated:

It seems to us that it is in America's interest to profit from this Polish-American alliance of common values by adding to the legacy, not subtracting from it. Thus as far the money has been put to good profit. It would be a shame if this human investment was squandered by transoceanic bickering, political machinations and self-interest of a few. Which is why the money should remain in Poland. (JRadzilow, 1999, p.1)

From my point of view the PAEF was indeed monumental. It brought what is most important for anyone interested in investing in Poland. It gave the country credibility and trustworthiness and the belief that investment made will bring the profit.

Finally, let me quote Richard Hunter, the specialist on Polish economic transition:

"Since the introduction of the PAEF, no one seriously doubt the ability of Poland to serve as a trustworthy depository of foreign investment."(Interview, 2000)
HUMAN RESOURCES - POLAND'S BIGGEST ASSET?

It has been an argument regularly repeated that one of the major reasons for investing in Poland is its 38 million persons population. This aspect, however, must be divided in two categories. First, Poland as "a big market" able to absorb a number of foreign goods; and second, Polish human resources capabilities, significant for potential foreign investors. This section will concentrate on the second issue - the human resources capabilities of Poland.

While describing today's Poland and the Polish people in particular, one cannot be surprised anymore by seeing many young people wearing fancy business suits and carrying cellular phones. Poles have learned their lesson - changing the structure of the economy from planned to market also depends on people's personal 'transformation'. One of the interviewees, who since the beginning of the process has been closely examining the behavior of Polish businessmen noticed that in the course of the decade this community has succeeded and its climb has been extreme. He says:

Now - he says - I see them as totally different people - the learning curve in 3 areas: marketing; overall management, finance is just incredible. Some of the managers have not been doing great. But many have. That is why Poland is so successful. Despite the government problem and instability of political scene, the management has adopted to a new environment. How big of an impact they will have or how able they are to find the way to the West is
another issue. Those who speak languages - have drive and know their topic. (Interview, 1999)

Later, recalling a special business meeting with an American investor in Poland, my source added:

There was no need, whatsoever, to be embarrassed by a single person. Totally Western people. These are people who posses a total - thinking power and negotiating power, and knowledge of the subject. And we have to remember that we also have the generation that is growing up now. They will become "suits". I do not know now if they going to be good or not good, but certainly they will represent the western style, not only regarding the appearance, but also business approach, what is much more important. (Ibid.)

The fact is also significant for self-improvement that most of the managers spend roughly 10% of their time abroad on business. A very important indication has been made regarding this topic by one of the interviewees:

Of course, this travel is often necessary in order to reach suppliers and customers that may not be locally available- and, the total amount of time is hardly excessive. But it is notable that so many links now exist; the implication is that these economies (Central and Eastern European) are no longer isolated, but rather looking outward. (Interview, 2000)

This positive opinion, however, needs some explanation. From five companies interviewed, none allowed native Poles to be placed at the top managerial level position of its entity established in Poland. Of course, there are people with Polish origins, but as was easily found out, these Poles had emigrated long before 1989, and gained their extensive education and experience in managerial sector in Western industrialized world. As revealed by another
source, a representative of one of the major American investors in Poland: "It still seems unlikely that we would appoint someone at the very top managerial level without any western experience ..." (Interview, 1999)

Therefore, one must realize that while talking about human recourses in Poland, we still deal with people who have a lot to learn about Western-style management.

At this point, I would like to cite the results from an experiment I conducted at the end of the 1999. Three fictional resumes were sent to the top ten (10) American companies operating in Warsaw. The following is the substance of the resumes:

Resume 1:
- outlined the extensive experience in professional field (8 years) in a Polish medium size company;
- Master's Degree level education from one of the Polish schools;
- fluent knowledge of English.

Resume 2:
- outlined 2 years experience in a professional field in an American medium size company;
- Master's Degree level education from one of American schools;
- fluent knowledge of English.

Resume 3:

- outlined 2 year experience in a Polish medium size company;
- education in one the Western European countries with an internship in one of the Western European companies;
- fluent knowledge of English.

As a result of this exercise: resume1 received only 1 response asking the person for further information; resume2 received 7 responses asking for further information; and finally resume3 received 4 responses asking for further information.

What I concluded from this exercise is that the top management level is not supported adequately by Poles born and working only in Poland. Thus, a company planning to open a branch will always look for top management personnel from within its own organizational structure, and for people who have already been exposed (by education, professional experience) to Western style managerial performance.

This view, however, is not merely supported by the simple fact that Poland shows a shortage in the top managerial sector. It appears that any company wishing to enter into a foreign business would be unlikely to hire
newcomers at the decision-making level. The more intriguing question remains: Is a particular company, after being present in Poland for a certain period of time, open to the hiring of Poles for positions of this level?

The answer to this question finds a highly positive feedback among all the interviewees who agreed that Poles appear to be business people who are highly motivated and who can quickly assimilate to a new business environment. It is worth mentioning, at this point, that since the beginning of the 90's there were a great number of educational institutions created in Poland, especially for the purpose of teaching Western business methods and practices.

It can be logically derived from the previous considerations that most of the managerial staff consists of expatriates. Expatriates remain a key component of the management market in Poland. It is interesting to point out that although they are able to quickly assimilate to cultural differences, expatriates are doing poorly regarding the process of learning the language. A series of interviews with one of the consulting firms reveal an interesting point regarding this matter:

Expatiates feel no urgent need to master the local language. While this omission may not prevent them from working with their colleagues and subordinates, it can serve to raise barriers to closer contact with suppliers, customers and other local groups. (Interview, 2000)

As further revealed, two skills were important: 'getting soft targets' that could be easily achieved and accumulating material inputs and labor in order to meet production and other deadlines. It is interesting from my point of view to
examine the research conducted by Korn/Ferry International in conjunction with the London Business School.

The question was posed: How do you see improvement of top managerial skills among Polish professionals? The results are presented in the graph indicated as figure 1.

In conclusion, the managerial skills are those which may show a visible tendency to improve. Notwithstanding, these skills are likely to change relative to the development of the market. However, the skills required of top management are, however, not the only specific skills Poles have to struggle with, and at the same time improve, since the political and economic changes launched as a result of the Round Table ('89). There are also, as pointed out by a number of interviewees, financial and managerial skills that need enhancement: "Here, then, is where the labor market looks the tightest, and where companies must work hardest to get and keep qualified individuals" - stated one of the interviewees.

The skills advancement mentioned above is needed most urgently and the skills themselves have to undergo tremendous transformation, modernization, and refinement. Nevertheless, the market is serviced by a great number of educated people. The question remains how these resources are exploited by both foreign investors and by domestic sector. Figure 2 is a graph of the structure
of the Polish education system with an indication of the number of students graduated and those currently in school:

Figure 2

![Diagram](image)


The number of university graduates constitutes nearly 8% of the total labor force. Professional qualifications are one of the main factors influencing one's chances on the labor market. According to GUS statistics, unemployment of the educated (those with a university degree) Poles remains basically on the
same level of about 5%. As reported by the Poland's "International Economic Report 1998/99":

The availability of labor will continue to increase in the coming years. It is estimated that from 1999 - 2000, about 400,000 people will enter the labor force. On the other hand, the drop in economic activity will force companies to limit their demand for labor. (p.106).

In general, the unemployment rate which had shown a drastic increase from 1990 (6.1%) to 1994 (15.7%) has been on the decrease since 1994. 1998 shows a slight increase from 1997, mostly the result of the implementation of new Health Insurance reform.

It is important to understand that the top management sector, although still not filled with Poles, is in a good position to find resources among Poles in the course of the next few decades.

The shortage of a skilled labor force (in this case of managerial and financial) can be supported by both: importing the skills or by "growing" them from within the company. Korn/Ferry International research seems worth mentioning at this point. The results are presented in figure 3. To make the figure 3

source: korn/ferry international

![bar chart](source: korn/ferry international)
statistics more understandable the results have been compared with two other
states Hungary and the Czech Republic.

It is clear, reports the study, that "on-the-job" training is still the most used
and most effective method of skill development. At this point, I found sending
locals to an 'expatriate assignment' as a way of improving labor skills still a rare
practice. The expatriate's practice is, on the other hand, widely used by sending
the work force from the home country (in this case, the USA) to Poland (host
country). Notwithstanding, the chart illustrates that the effectiveness of the use
of training is most visible in Poland, in comparison with the Czech Republic and
Hungary.

Another important aspect is the duration of the work week. The former
planned economy in Poland, as well as in all of Central and Eastern European,
required only 40 hours of work on the weekly basis. Today's hourly schedule has
shown that manager's work habits are moving (if they have not already moved)
toward western norms: The large majority of managers in all sectors, types of
firms work at least a 50 hour week. This result strongly indicates a western ethics
is developing.

At the same time authors of Human Resources Trends in Central and Eastern Europe
(1997) conclude:

[M]anagers in Central and Eastern Europe are working hard, putting in
western sorts of hours in a western sorts of way. Yet they must still reflect
the history, culture and economic realities of their own countries - which,
despite the many changes, are not, and will never completely be, the same as those of others. (p.24).

What seems important additionally, is the wages distribution which on average as of 1998 rose to 335$ per month. But still comparing with the Czech Republic and Hungary, the increase in managerial salaries in the period 1993 - 1995 placed Poland in place with a 59% increase, and a 50% rise in the other two countries.

The *Poland Country Commercial Guide 1999* indicated that in Poland, "there are shortages of persons with foreign language..."(p.77). In contrast to this information below (figure 4) is the comparison of the English language knowledge in 6 Central and Eastern European countries:

![figure 4](image)

*source: korn/ferry international*
As easily understood from figure 7, Poland with its 90% English proficiency within the managerial sector, creates a convenient partner for Polish-American business cooperation.

The selected language statistics raise another question regarding relations between expatriates and locals. Through my research, I could not find any indications of foreign business personnel (expatriates) not getting along well with local co-workers and Polish citizens at large. One of my interviewees, representant of the leading insurance company investing in Poland, admits:

During my one year in Poland I could learn a lot. It is not only culture I was amazed with, but especially people. I have improved my professional skills thanks to many Polish professionals I kept in touch with. Also, I met personally a lot of people I still remain friends with. (Interview, 1999)

Another interviewees, high official of the American food company successfully operating in Poland, concluded:

It is likely, then, that there is no fundamental set of interpersonal problems among the groups, but only some differences of attitude and opinion. (Interview, 1999)

One of my interviewees elaborated on the cultural differences and their extremely important role while conducting business in other countries (Interview, 1999). The example of doing business in Saudi Arabia will, however, differ tremendously from conducting business in Poland, basically a country with deep and long western cultural heritage.
CONCLUSION

As can be inferred, Poland has a great human resources potential - its people are eager to improve and increase their professional skills. It seems valuable to mention an opinion, frequently repeated during my interview process, regarding Polish attitudes toward potential foreign investments. One of the most explicit opinions noted:

Polish society prefers American investments over the German investment. If Americans won't come to Poland we will have a tough time defeating against them. We do not want to be overrun by Germans. And if there will be choice - Poles will always choose Americans as business partners. (Interview, 1999)

Therefore, in general, the potential American investor will find a definite positive feedback from Polish society. As concluded by Suzanne Etcheverry in her study entitled *Business Investment Climate in Poland: A U.S. Industry Perspective* (1994):

Overall, Poles have a positive attitude not only toward doing business with Americans, but also toward working in the emerging private sector. (...) Some investors have found the pent-up demand for consumer products, as well as the skilled a dwell-educated work force, attractive features which induced them to invest (p.12)

As previously shown, the desire toward reaching western standards within the managerial sector is obvious. This desire, however, will not replace a strong need for expatriates to take charge while distributing managers positions. In contrary:

[W]hen the local managerial market develops too fast, failures may occur, with people promoted beyond their current level of ability. There are two was of tackling this problem. If firms respond to shortages by moderating growth and increasing training, then local supply and demand may be
able to balance in the medium term. If, instead, they merely accelerate their use of expatriate labor, the longer term picture will be unstable at best. (p.34)

It is mandatory, from my point of view, to educate a qualified managerial staff. This education should be accomplished through different stages:

- on-the-job training within a particular company;
- an expatriate program for Poles, sent for mid-term assignments in the USA;
- cooperation with educational institutions in order to offer new, practical ways of teaching students about western-style management.

As shown in this study, the first option is widely explored by foreign companies, but there is a lack of experience with two other options.

Let me now present an alternative program, which should be available for Polish students, and offered by a foreign investor entity established in Poland.

X company cooperates with A, B... educational institution in order to propose the following:

- on-site company visits available for students;
- seminars or meetings, presenting a company's real business problems to the students and encouraging them to participate (in written form) in solving them;
- making internships available within a company. The internship, however, should be organized so students will have opportunity to spend half of the time in Poland and another half abroad (in the USA in this particular case);
• as a reward, the best students should be eligible to take some university courses in the USA while conducting the second term internship.

I am strongly convinced that this is important from a human resources perspective. Such a program would allow the company to have a good chance to make a selection of the best Polish students while enlarging its own human capacity. For students, it would create an opportunity to enrich their experience and become fully marketable while applying for a managerial position in their own country.

The proposed program would therefore bring benefits for both parties, and if established on a regular basis, it would attract a great number of young Poles. It should be of special interest to require this kind of operation from potential investors. Nevertheless, the goal should be to balance the participation on the managerial level between locals (Poles) and expatriates (foreigners) in order to assure that Poland continues to make studies as becoming a developed nation where foreign investment is meaningful and plays an important role.
POLAND - HEART OF EUROPE

The region of Central and Eastern Europe includes Albania, Belorus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, the Slovak Republic, Slovenia, Ukraine, and Yugoslavia. It stretches from Scandinavia and the Baltic Sea to the Adriatic, from Russia and the Black Sea to Western Europe.

It was firmly emphasized in chapter II, that Poland's central location is one of the major reasons for foreign entrepreneurs to invest in this region of Europe. This factor still remains one of the strongest reasons, especially taking into account the number of potential customers in the domestic consumer market. However, my research also revealed a strong contrary view to this assumption. Ms. Arri Sendzimir, One of the Presidents of the major American steel company willing to invest in Poland pointed out a position that was frequently repeated in many of my interviews:

The geographical proximity is only good if it is easy to cross, when it is not a barrier. Imagine Poland being surrounded by very high mountains. You would not say the same thing then. So if Poland's roads system is not good then you have a problem with passing goods. (Interview, 1999)
This problem cannot be easily overcome, and therefore it will occupy the next part of the study. Accordingly, Poland's infrastructure of roads, and its importance for a potential American investors will be carefully considered taking into account the following:

- Central location of Poland;
- Size of the country;
- Alternative communications available.

"Foreigners invest money for the same reason that natives invest money: the prospect of making even more" (Buchholz, 1995, p.144). Investors need markets. Investors are in constant search for new markets, or for ways to expand existing markets. However, before proceeding any further and explaining Poland's 'venue,' as an opening to the other markets of the region, let me point out one important distinction: "Only Poland, with its thirty eight million people, provides a potentially large domestic market" (Damrau, 1992, p.39). This market should not be understood only in terms of human resources, but also in terms of its rich natural resource capabilities. It was appropriately noticed that:

"Poland has been relatively latecomer considering that it is the largest market in the region compared to ... both Hungary and Czech Republic. ... Relatively to the size of the economy, DFI in Poland is still fairly small" (1995, p.7).
In spite of Poland's steady improvement and enlargement of FDI, now being the leading country in Central and Eastern Europe in attracting foreign investors, the size of the country and its economy suffers from the lack of more visible economic investments. However, what is still essential is the creation of more favorable business climate and trust in the international markets.

Geographical location without any doubt, will be (if it is not already) a trump card for Poland. Simply referring to the map of the region, one can easily notice existing and potentially growing opportunities for further expansion for foreign investors willing to locate their businesses in Poland. Its central location, and especially its easy access to former USSR markets, is the great value to be considered. This consideration drove Hunter and Ryan (1998) to express a provocative statement: "For once in its history, Poland's proximity to Russia may turn out to be a distinct advantage!" (p. 205). However, it would be reasonable to add that the same geographic factors which now seem so positive had cost Poland trouble and disappointments in the past as a result of the Yalta agreement which had placed Poland squarely within the Soviet "sphere of influence" for half a century and which had effectively cut Poland off from Western tradition and values.
This applies not only to its neighbor Russia, but also to Germany. In regard to Polish-German relations, it was at the beginning of the 90's when both governments officially recognized the Oder-Neisse border. Today, Germany stands in a position of having the best chance for cooperation with Central and Eastern European states, and most especially with Poland.

[The relationship [between Poland and Germany] underwent a dramatic change. Not only did German – Polish trade literally explode (in 1995 Poland superseded Russia as German’s largest trading partner in the East,) but German become Poland’s principal sponsor for membership in the EU and (together with United States) in NATO. (Brzezinski, 1997, p. 70).

Considering the fact that Germany is Poland’s largest investment partner, and at the same time, greatly influences the Polish economy in general, Antoni Dudek’s(1997) argument that the Polish government spent too much effort preparing the ratification of the agreement concerning its western border with Germany, neglecting other important internal political and economic issues, does not sound very persuasive.

In addition, Germany would easily find Poland as a ‘beneficial’ arm and conduit in further expansion northward and eastward into Baltic states, especially into Ukraine and Belarus. “In sum,” Sachs(1995) noted, “there is absolutely no geographical problem with Poland’s economic integration with Eastern Europe...”(p.98) even given its middle position between states of the former Soviet Union and Germany. Richard T. De George (1993) added:
The North-South business axis has quietly been downgraded to second, third, or fourth place. The countries of South America and Africa are now less attractive markets than are Central and Eastern Europe. ... Multinationals are anxious to take advantages of the opportunity.” (p.139)

Sachs presents a table (p.99) showing geographic accessibility of Poland to Western European markets. Figure 1 represents distance to other Western European markets in kilometers.

**Figure 1**

<table>
<thead>
<tr>
<th></th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>342</td>
</tr>
<tr>
<td>Belgium</td>
<td>714</td>
</tr>
<tr>
<td>Denmark</td>
<td>415</td>
</tr>
<tr>
<td>Finland</td>
<td>585</td>
</tr>
<tr>
<td>France</td>
<td>844</td>
</tr>
<tr>
<td>Germany</td>
<td>557</td>
</tr>
<tr>
<td>Greece</td>
<td>995</td>
</tr>
<tr>
<td>Ireland</td>
<td>1,137</td>
</tr>
<tr>
<td>Italy</td>
<td>821</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>676</td>
</tr>
<tr>
<td>Netherlands</td>
<td>686</td>
</tr>
<tr>
<td>Norway</td>
<td>666</td>
</tr>
</tbody>
</table>

*source: J. Sachs*
<table>
<thead>
<tr>
<th>Country</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>1,771</td>
</tr>
<tr>
<td>Sweden</td>
<td>532</td>
</tr>
<tr>
<td>Switzerland</td>
<td>642</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>913</td>
</tr>
</tbody>
</table>

These figures clearly document the central location of the Polish market, and what becomes important not only for Western European investors, but also is a major indicator for Americans willing to open entities in Poland. What seems to be important at this point, is the fact that most American companies interested in new markets have already established successful businesses in the Western European region. Therefore, the distance and geographical location of Poland, compared to other European states remains a crucial factor in favor of the Polish market (Sachs, pp. 93-103). It becomes very clear that the geographical location is important while considering Poland as a potential business partner and should not be ignored by any country, including the United States, willing to think about Poland in business terms.

The answer to Sachs (1994) fundamental question: "[Is] Poland ... simply too distant from the economic heartland of Europe to benefit from the basic forces of economic integration?" (p.98) is obviously a definite no. Still, location may not be all the story. As indicated:
If you cannot get your goods from one market to the next easily than you can't have valuable commerce. One of the strongest points of the American economy is the fact that the transportation system is so good. So we can, for example, get rare fruits in our supermarkets without a problem. They will be there everyday no matter what is the season. (Interview, 1999)

It would be unrealistic to state, at this moment, that the transportation infrastructure in Poland and in other Central and Eastern European countries is in an exemplary shape. The following information may prove helpful to this discussion.

In Poland there are 357,700 kilometers of roads, 114.4 km per 100 square kilometers, and an extended railway network of 23,420 kilometers, which join all the major cities and towns. Poland's density, 7.5 km per 100 square kilometers, is less than in Germany, Switzerland and Belgium, but more than in the United Kingdom, Italy and France. In 1997, a total of 1,486.6 million passengers made use of public transport, of which 417.3 million traveled by rail and 1,065.3 million by road.
The structure of the Polish transport system is reflected in the share of goods distributed in 1997. Still, motorways (two-lane public roads) account for only 3.2% of national roads. National roads cover 45,700 km and are divided into inter-regional roads of a total length of 11,500 km and regional roads of a total length of 34,200 km.

Considering transit, the system of international roads is usually used. As at the beginning of 1999, the system accounted for 13 roadways with a total length of 5,500 km. It is worth mentioning, that since the Second World War only 149 km of highways have been built in Poland. Their poor condition requires now some major repairs and modernization.

On 28 September 1993, the Plan of the Council of Ministers launched the program of building an artery of motorways in Poland. The plan is considered to be one of the most challenging and ambitions undertakings in the post-war history of all Central and Eastern Europe.

Five main motorways are to be created in the next 20 years, in total, some 2,300 km of motorways, which will be operated on the basis of a toll. The cost will be approximately 9 to 10 billion US dollars, with, on average, $460 million being spent on the project every year. The prediction is that annually 160 kilometers of motorways will be constructed.
The Motorway Construction in Poland Program anticipates the construction of a network of four motorways, two running from east to west, and two from north to south, namely:

- A-1 (597 km) Gdansk - Torun - Lodz - Katowice - and farther to the border with the Czech Republic;

- A-2 (626 km) the Polish - German border with crossing in Zwiecko, then running through Poznan and Warsaw onwards to Terespol, the border crossing between Poland and Belarus;

- A-4/ A-12 (738 km) running from the Polish - German border with the crossings in Jodrzychowice near Zgorzelec and in Olszyna and next via Wroclaw, Opole, Gliwice, Katowice, Krakow, Rzeszow to the Polish - Ukrainian border, with the A-12 branching Olszyna - Legnica;

- A-3 (365 km) from Szczecin via Gorzow - Zielona Gora - Legnica to Lubawka.

Preference has been given to building A-1, A-2 and A-4/ A-12 motorways. The A-
3 is deemed as less likely to experience such high traffic volumes as the other ones. The Program additionally provides for the reconstruction of a public road running from Elbląg to the Polish state frontier with Russia towards Kaliningrad. It will be built as a toll road and will be put out to tender.

The basic document setting out in a complex manner the legal grounds for implementation of this program was provided by a special law dated 27 October 1994 on toll motorways which came into force on 1 January 1995.

This Act regulates the rules governing the construction and operation of toll motorways in a financial scheme that would not require funds from the state budget. The Agency for Motorway Construction and Operation (ABEA) was established by this Act to assume responsibility for all duties pertaining to the execution of the Motorway Program. (Warsaw Voice, www.warsawvoice.com, p.1)

Two primary methods of financing will be used for building toll motorways:

- traditional financing with the aid of funds obtained from the State budget, or acquired by the State in the form of assistance; and

- non-traditional funding which consists of granting a concession by the State for the financing, construction and operation of a motorway or a part of it, for a strictly defined period of time (20 - 30 years).

The government expects that nearly 87 per cent of the planned network will be built by concession. Concessionaires are selected in a two-stage procedure: the pre-selection of tender applicants and the tender proper confined to qualified candidates. Companies with limited liability and share companies domiciled in
Poland with an initial (share) capital equivalent to a minimum of 10 million ECU can participate in the tender. However, foreign investors are also invited and those subcontracting more than 75% to Polish employees or companies can expect to be granted tax relief. At the beginning of 1999 only three concessions had been awarded.

It can be expected that, apart from substantial assistance from the World Bank and the European Bank of Reconstruction and Development (EBRD), considerable financial outlays would also be forthcoming from private capital which would invest on advantageous terms in this potentially profitable business undertaking.

In July 1998 the European Investment Bank (EIB) granted an ECU 280 million credit to finance the construction of a 13 km part of the A2 (Poznan ring) and a 24 km part of the A4 (Gliwice-Sosnica-Katowice). The additional financing necessary will come from the state budget and PHARE. EIB is also considering further financing of the motorway construction in Poland.

At the beginning of 1999, in view of difficulties in implementing of the Motorway Construction Program, the government intended to replace the Build-Operate-Transfer (BOT) system of motorway construction with a Private-Public Partnership system that would oblige the state to co-finance construction or to cover up to 50% of the operating costs. In return the state would gain the right to participate in the profits.
This forecast probably does not change the current conditions of Poland's roads. However, it suggests an optimistic prospect, and American and other potential investors should take that under close consideration.

One of the interviewees stated: "The only thing communists were good at was building railroads." (Interview, 2000) - states one of my interviewees. Prior to the examination of Railway transport as an alternative for investors willing to operate in Poland, let me present the graph of Polish transportation system.

As shown in the figure 3, Railway transport takes second place with 16.1% of the entire Polish transportation system. The Polish State Railways (PKP) is the third largest railway in Europe in terms of length (25,000 kilometers).

![Figure 3](image)

The railway network is therefore a very important alternative transportation solution for foreign investors. It connects Poland with West and East with its
quite extensive network with the average 7.5 km per 100km2, constitutes far more than in the United Kingdom and France (figure 4).

Still, "in terms of quality of equipment and services, it is far behind EU. About 60-70% of PKP's rolling stock is outdated and needs modernization" - reports "Country Commercial Guide for 1999." Unfortunately, the PKP has been lacking a good leadership throughout the last decade. For example, Malgorzata Matuszewska(1999) informs in "Warsaw Voice", regarding the outcome of Central Auditing Office (NIK) report on the lamentable condition of PKP:

The basic reason for the decision was the company's catastrophic financial results. In 1998 PKP also lost 1.300 percent more than in the previous year, with its deficit reaching zl. 1.34 billion. PKP also lost its financial liquidity, recording a loss of zl. 968 million by June this year. (Warsaw Voice, www.warsawvoice.com, p.1)

In a discussion about the PKP with the old management, NIK's representative, and Ministry of Transportation one finding seems to be very important. As reported by NIK's spokesman, the Ministry of Transportation neglects PKP.

The ministry has been keeping money from World Bank loan in its bank account for four years. The money was supposed to finance the purchase of low-deck carriages for PKP that could be used to transport TIR trucks. The ministry paid the World Bank $20,000 so it would lend the money, but the funds remain unused. (ibid.)
I mention the NIK's Report because of two reasons. Firstly, it is without any discussion comparing the costs of the reparation of Railway and Motorways - definitely it is cheaper and faster to deal with the former. Secondly, as pointed out very often by foreign investors and argued by Roman Buksinski, Secretary of Polish Association of International Road Transport:

In no country -- does rail or river transportation actually lead to a reduction in truck traffic. Quite simply some goods cannot be transported any other way but truck. (Warsaw Voice, 1999, www.warsawvoice.com, p.1)

Nonetheless, as noticed in NIK's report, Rail transport could be used for transportation trucks.

As in regard to Railways in Poland, it must be underlined, that they make Poland a part of a network of the most important European connections. In reality, however, they need a lot of improvements and initiatives coming from the government, including fastening the process of privatization.

So far, they hardly represent the strongest alternative, but they have a chance of becoming such. In regard to Motorways, even more has to done to adjust Poland's infrastructure to European Union standards. Over the next fifteen years 2. 500 kilometers of toll motorways will be build in Poland. The Motorways will connect Germany with Belarus, Ukraine and Russia, and the Baltic coast with the Czech and Slovak's Republics and Austria. The estimated cost can reach up to US $10 billion. These plans present a significant improvement, not only for Polish
national business, but also from the point of view of large foreign investors, and should be considered while planning to enter the Polish market even today.

CONCLUSION - MAJOR AMERICAN FOOD COMPANY; A CASE STUDY

In conclusion, let me cite the President/CEO of Cargill Poland’s operation:

The decision to enter the Polish market five years ago, was mainly based on the huge market potential and the strategic location of Poland in Europe. Since then we have never been disappointed. Our Polish operations prove very successful, and the Polish economy as a whole is well on track in the transition to a free market. (Gryglewicz, www.palz.com, p.1)

As a moneymaking market, Poland has been already broadly explored by a number of companies. As noted by former United States' government advisor on the Polish issue:

In 1992 - 93 I was trying to promote Poland as a base for penetration further East. And the only company that really took that seriously was Peter & Gamble, Inc. The fact was dictated mostly from the fact that number of companies were obviously not ready to start manufacturing in the former Soviet Union mainly because of the political question. (…)
Procter & Gamble, Inc. first gain certain share by using imports, and then decided they should invest, and produce locally with an idea to use part of the production to penetrate an export in Ukraine. (Interview, 1999)

The best example of Poland as a base, can be found by examining the case of the major United States food Company successfully operating in Poland. One of the President of this multinational Company recalls from his first visit to Poland:
"My gosh, how do you move goods here?" (Interview, 2000) But this was the situation at the beginning of the 90's. Currently, the company is one of the biggest foreign investors in Poland, with its location in Poznan:

Today - adds my interviewee - we have well established, very serious company operating in Poland. We produce our goods in Poland for Poland, as well as, we export into a few other places... In fact 100% of the goods we sell in Poland are made in Poland.

... As an example, we developed recently a product in Germany, which requires a new production facility and question was where we put it, build it. It was a production that was not very closely related to the existing production that we already had in Germany. Otherwise the answer becomes very clear. [Finally]... we said 'let's put it in Poland' - even though Poland wasn't going to commercial this product yet. (Interview, 2000)

For the analyzing company it was "extremely profitable," to locate the production facility in Poland. In my discussion with one of the Presidents of the Company I learned that the following had led to this decision:

- Space available in the Poznan factory;
- Proof (seven years of ownership and managing the company business in Poland) that it is the finest production facility;
- The quality of a product that is made in Poland is very high, and the cost is very favorable;
- Plans that the product eventually will be for the commercial use in Poland, and maybe in other Eastern European states.
The previous arguments for establishing a production line in Poland, reveal another valuable element regarding the central location of the country.

First, let me present my conclusion on the following graph:

![Graph showing geographical locations](image)

source: Jacek Hurkała

The Company's product distributed in Germany is manufactured in Poland. Such a product can be easily moved to Germany (Poznan is located only a small distance from the German border). At the same time, the product, which has already been approved by the company for distribution in Germany, meets the standards of a demanding German market, the biggest one in Europe. Also, that same product has the opportunity to be introduced to Polish consumers (one of the biggest markets of Central and Eastern Europe). If accepted in both countries (Germany and Poland) there is a good chance for the product to be moved eastward to other Central and Eastern European markets. Lastly, it is imperative
to keep in mind that both consumer markets, German and Polish, are one of the biggest populations in Europe and secondly both are very demanding markets:

Poland nowadays is more than twice the size then Czech Republic and Hungary together. It just developed so much better and faster. We were able to introduce more products in Poland. They are more acceptable then in other countries. (Ibid.)

Also:

We came out with the line of instant soups and we cannot see this kind of volume anywhere else. The production cost of instant soups is much higher and the question was why it was so popular in Poland. We tried the same product in Czech Republic and in Hungary and it did not do that well. So, there is a feeling that you can introduce your product much more successfully in Poland then in other countries. (Ibid.)

The example of this Company proves how efficiently and successfully the central location of Poland can be used for the benefit of a particular company. Because of its Polish branch, Best Food Inc. has already reached and succeeded other Central and Eastern Europeans markets, especially Baltic Republics: Estonia, Lithuania, Latvia. This positive Polish experience initiated further plans that will be considered by the company's management.

We manage that out of our Polish operation. We actually have a person that goes to those countries and tries to develop sales. We have people and organization in Poland so we can use them to develop those other markets. (Ibid.)

List of countries where the Company wishes to start its business operations includes: Ukraine, Egypt, Bangladesh, and Nigeria. The question: how to get to Ukraine finds its direct answer in the form of the Polish based branch of the
Company. "[Our] for example in the Ukraine, admits my source, we have the motherhood country of Poland." (Ibidem)

It seemed crucial for this part of my thesis to closely analyze the case of the major American food Company, which in my view, shows in the best way how the multinational company plans and organizes its business activity in Poland. It was my intention to prove that Polish market indicates promising opportunity for medium size companies. The latter do not fully realize the mechanism, which was explained in regard to this particular Company, which actually shows how profitable this operation can become. Central and Eastern Europe still presents investment risk, but as proved, Polish market, because of its location and also its close cooperation with neighboring Germany, does not appear bad choice for foreign investors.
NEW IMAGE FOR POLAND?

Poland, as stated by Jarzy Mackiewicz, Secretary of the President's Economy Award Chapter, has been perceived as a country that has made a significant civilizational progress during the last decade. Its economic growth and success are exemplary regarding this part of Europe (Polish Market, 1999, p. 19). In an article "Why Poland is Making it"(1999) Peggy Simpson, who reports on national politics and economics from Washington, D.C., pointed out: "Poland beat the odds and became the front-runner in Eastern European and democratic reforms." (p. 20). And lastly, in the opinion of many specialists on international business, Poland is the most attractive country of old Soviet block for foreign investments.

These beliefs, although nowadays shared broadly, were not quite that evident at the beginning of the economic changes in Poland in the spring of 1990. A decade ago, Poland was not expected "to be the front-runner among Central European transition countries."(www.piit.edu, p. 20). According to predictions made by most of the experts and investors, the Czech Republic and Hungary were more business-wise and suitable targets for rapid change and development.

It is, however, extremely significant to correctly understand the way Poland was perceived in terms of its economic alliances at that particular time. When the Berlin Wall fell, Poland was still in the process of reforming its ties with the West (and the United States in particular) that had been cut off as result
sanctions for the imposition of martial law by General Jaruzelski on 13 December, 1981. Hence, it was acknowledged that just at the beginning of economic transition in the beginning of the 1990's, "...while all the rest of the European regimes wanted the West to bail them out, only Poland's needed renewal of Western economic ties to stay afloat." (Simons, 1999, p. 401). Poland had come through the decade of the 1980's sanction and all ripe, for both financial and political change. No one could have foreseen that the Round Table would result in such dramatic events within such an amazingly short period of time.

New times were inaugurated by a struggle to bring to the attention Poland's attractiveness and significance as a place where investing is worth serious attention. Meanwhile, Poland entered this era with a lack of marketing experience, understood as both consumer research and advertising. Essentially, the old command-driven economies didn't recognize marketing at all. It seems, consequently, that an opinion held by one of the Polish diplomat needs clarification:

American society at large is still convinced that Poland is way behind the time and neglected. This is, mostly the way of thinking of Poland popularized during the Cold War period. Americans never try to understand that the situation has changed ... We are not able to promote different picture of Poland in every country (especially in the United States) (Interview, 1999)
However, it is also true that the larger international community, including the United States, has ubiquitously recognized Poland's extraordinary role in the fight against its communist regime. At the same time, Poland has also confirmed to the international community that it has been able to successfully accomplish the transition to a market economy. To many, Poland also has been able to present itself as an attractive and potentially profitable market. However, before proceeding further, let me quote one of my interviewees:

I still think that major big companies are the core of foreign investments. The multinationals are the stone of investments because they bring mass, if you look at the list of numbers of these companies - that is the real weight of it. (Interview, 1999)

Let me summarize these opinions and combine them with future advertising requirements the growth and development of the Polish market in the United States. First, it is questionable that Americans will find particular and extensive interest in exploring the Polish market based only on sentiment toward Poland or the Polish nation. It is Poland itself that has to find the way to attract American business, or at least to be considered as a potential market for investment.

Therefore, the statement that we are not able to promote a different picture of Poland in every country presents at least two important ideas ready to be rethought by some of the Polish promoters.
First, it brings an easy "excuse" for those who simply prefer to wait for "things to happen," propelled by their own mechanisms. I am strongly convinced that building one synchronous picture impartially acknowledged by a majority of countries can better work for Poland in general. In regard to this last point it is clear, of course, that variety of methods of promotion should be used according to the needs and culture of a specific audience; yet Poland should still promote a portrait of a unified and economically and politically strong state.

Second, it is hard to argue the opinion that large, multinational companies are the most appreciated and favorable investors. However, I still think that these companies are more likely driven by their expansion trends to invest in a certain country. In other words, saying that "McDonald's will invest anywhere and no matter what, simply because it is in constant search for new markets" evolves the essence of truth. What I think should be the real interest for Polish market is the need to make Poland appealing for any number of medium or small size companies that will decide about doing business in Poland by simply concluding: - "I think this is the country in which I see a big opportunity for my investment." Reaching this point would be the ideal outlook for Poland, although certainly Poland also welcome and invites investments by McDonald-type businesses as well.
Accordingly, this part of my thesis examines the opportunities that Poland's market holds out for American business. To adequately explore the issue, the following must be taken under broader consideration:

- Marketing efforts of contemporary Poland toward American investors;
- Polish image in America (its current and historical approach); and
- Recommendations for future actions.

"We do not want to be overcome by Germans. And to some extent our choice still matters and it is clear - Poles choose the American investor." (Interview, 1999)

This quotation illustrates best the Polish attitude toward foreign investors. It is recognized in the history of the last decade, that Germany has shown great devotion in assisting Central and Eastern Europe, and Poland in particular. In Brzezinski's(1998) words, the process "...was eased by the very evident German commitment to the eastward expansion of Europe's key institutions." (p.70). Yet, in the middle of the 90's, Poland superseded Russia as Germanys' largest trading partner in the East. Likewise, today's Germany is the leading foreign investor in Poland, taking first place after the United States which had taken the lead for most of the last decade. Despite this "competition" Poland will always favor and aim for American investors.
POLAND'S MARKETING EFFORTS

During our long discussion, one of the high officials of the American steel company, showed me the professionally edited, very interesting, *Annual Report* of Huta T. Sendzimira in Krakow. I mention this because the report has a great importance and I would like to examine it more thoroughly.

First, it was unlikely ten years ago for a Polish company to present such a document to the public. The exposure of the financial and managerial situation of a company was certainly not a custom in a communist reality. At present, and certainly under the capitalistic model it is a primary requirement of any business enterprise, and especially one seriously interested in attracting foreign investors. I have been shown through my research a number of such documents, which are now straightforwardly presented to the public. Consequently, this openness remains very important from the advertising point of view - Once heard about the company, one can access the documents of the particular institution or business company.

I would like to firmly point out another significant observation. The fact is that many Poles or Americans with Polish origin that live in the United States contribute remarkably to the reshaping of the image of Poland on international arena. The path to collaboration between Poland and United States would be much more complex and difficult without such help and dedication.
There are a number of Polish-American organizations created in the United States with the major aim of making business connections between Poland and the United States. As an example, let me cite one in Florida, called the Polish American Chamber of Commerce of Florida and the Americas, which offers an understanding of how such organizations operate and what are their goals for the future.

The Chamber was established in 1993 for the purpose "...of fostering trade, commerce, and understanding between the United States, Florida, the Americas, and Poland."(www.click.go2net.com) The objectives of the organization are:

- To establish a business exchange of information and expertise between the United States, Florida, the Americas, and Poland;
- To conduct business orientation visits to Poland on a regular basis and to assist in linking business people in Poland with their counterparts in the United States, Florida, and the Americas;
- To provide a forum for the development of business, academic and social relations between Poland, the United States, Florida, and the Americas;
- To promote close and friendly relationship between the citizens of Poland and those of the United States, Florida, and the Americas;
- To cooperate with other Chambers of Commerce, social, cultural, academic, and governmental organizations to promote trade, exchange of
information, visits and conferences between the United States, Florida, the Americas, and Poland.

A second example shows Poland's place within the world of high-technology. The homepage of Polish Americans on the Internet connects, like many similar pages, Poland and Polish-American businesses and organizations. It contains a Polish-American yellow pages, and a variety of Poloniaxx-related links. In other words, as the Internet continues its spread throughout the world, the place of Poland on the World Wide Web continues to grow with it. As of today the thought expressed by Matthew Kondratowicz(2000), a student at Columbia University, seems to be perfectly truthful:

The role the Internet will play in society in the future is still unclear, but what is clear is that Polonia will occupy a nice-sized piece of the cyber-real-estate. The Internet is, and will continue to be, an invaluable tool in building community, encouraging and doing business, finding information..." (New Horizon, p. 13)

Obviously, it is not individuals who will finally decide about investments in any country. It is the state itself, reflecting its economic and political reality, and judged by its ability to be attractive in the international market. The global advertising market is currently worth an estimated $300 billion annually. As shown on the chart since 1994, the market has been showing an upward direction (only 1998 was weaker due to the crisis in Southeast Asia). Global prediction for
expenditure on advertising are favorable, so advertisers anticipate a further growth in the level of consumption. Dorota Ubysz admitted:

The Polish advertising market looks particularly favorable against the background of the global market. Over the past several years, it has noted unparalleled development, exceeding 50 percent annually. This is due to the strong economic growth of the country accompanied by the ongoing implementation of market reforms. (Warsaw Voice, www.warsawvoice.com, p.1)

Let us also investigate an example of how much Poles spend on advertising in newspapers. This exercise can provide very interesting indication since the launch of economic reform in the beginning of the 1990's. Spending on advertisement has increased 9 times since 1994. The change in advertising methods, or even more, the creation of a broad advertising market, seems to be one of the main Polish accomplishments.

The Polish advertising market, with a present value 1.5 times higher than the value of the Czech and Hungarian advertising markets put together, is without doubt one of the most attractive in Europe. It is estimated on the basis of GDP growth and the share of advertising in the economy, that the Polish advertising market has the capacity to grow 30 percent in 1999 and 20 percent in 2000.

Consequently, in 2000, spending on advertising in Poland should increase to about zl2.8 billion. Thus a level exceeding $50 per capita would be attained, up

\(^2\) Zloty (zł) – is the Polish currency.
from $32 in 1999. However, this would still be much less than in highly
developed countries. As an outcome of the powerful growth, the share of
spending on advertising in Poland's GDP is expected to exceed 1 percent this
year, and then reach about 1.2 percent in 2000, similar to the current level in
Hungary.

As in all market economies, numerous factors determine an advertisers'
choice of medium. These include demographic factors, price, service and
geographic coverage. In addition, in the case of the press, the true amount of
spending is very important. Daily newspapers worldwide have lately reduced
their share in the advertising market. It seems this is due to the increasing costs
of ads connected with a reduction in readership.

In Poland, low readership levels for daily newspapers notably limit their
attractiveness for advertisers, who only set aside 19-20 percent of their
advertising budgets for them. Their preferred medium is television. Its share in
the Polish advertising market exceeds 50 percent.

However, what remains most important for this thesis is the answer to the
question of how Poland can meet the demanding task of advertising itself
abroad. Let me start this short study by citing a minor example, which once
again illustrates the change of Polish disposition in presenting itself in the
international arena. "Polish Market" is a new monthly magazine with an aim to
promoting Poland abroad. As the editor of the paper, Krystyna Wozniak, acknowledged:

[A] periodical such as the Polish Market could well serve the purpose of disseminating knowledge about Polish products and aspects of Poland's economic reality and help to endorse all initiatives towards this end, ... and to promote Poland's image in Europe. (www.polishmarket, p. 4)

The example of the "Polish Market" magazine, or the Business Center Club, another interesting Polish initiative aimed at creating a positive and powerful image of Poland for foreigners, proves also that the task of promoting Poland is not solely restricted to governmental or other official actions.

There is a lot that has to be done regarding this issue. For example, Andrzej Zielniski (1999), one Board Editor of "Polish Market") indicated:

Just as the world used to have a stereotype image of Poles, similar stereotypes now exist with regard to investments in Poland. Like most stereotypes, they are full of misleading generalizations. One widespread belief is that investment risks start east of Vistula. (Polish Market, 8, 1999, p. 30).

What seems to be interesting, is the fact that only big cities (in the case of Poland - Poznan, Warszawa, Krakow, Gdansk) capture the interest of the foreign investor in most cases.
IMAGE OF POLAND AND POLES IN NORTH AMERICA

The last segment of this Chapter speaks of an important issue of stereotypes that plays a weighty role in the consideration of possible business cooperation with a foreign country. An issue was frequently brought up in the process of my ethnographic research that captures well the importance of stereotypes. The Polish brand vodka "Belvedere" has been advertised in New York Times. As a model for the advertisement campaign the company used an image of a farmer working in his field. This example prompted many to point out that the image incorrectly brings to mind and reinforces the stereotype of Poles as peasants, and Poland as primarily a farming country. One of my interviewees, a widely recognized expert in ethnographic studies, acknowledged:

This does not bring a good image of Poles. This is an image of the peasant country... still a country where on the highways you have to watch out for the carriages pulled by horses. It is an image of Poles as hard working, nice people, but not very bright... (Interview, 2000)

I anticipate that this opinion plainly shows how significant the common image of Poles is in regard to launching an important advertising campaign.

Let me quote one of my interviewees, the head of International Investment Department in one of the global American company, who made a remark when asked about today's Poland in general:

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No doubt Poland is an emerging economy showing great strength. Transition to free market economy has been speedy yet at the same time gentle, without the painful effects one unfortunately can see in other transitions in Eastern Europe. For many years now, your country [Poland] has exhibit steady growth and declining inflation...

This positive general outlook plus the size of the Polish market and what we perceived as a sound and adequate regulatory framework decided Aetna to seek a local partner and enter the pension business. (Interview, 2000)

I would like to also highlight another comment which was made by a businessman of financial company conducting a number of business operation in Poland, who in regard to the same general question revealed the following answer:

We believe the local Polish market presently offers potentially best return for any investment grade country in the world. ... Polish external debt will continue to perform well, thus remaining on of the key defensive credits for investors. (Interview, 2000)

The reason I referred to these two remarks is simple. This is the image Poland that has to promote and make widely recognizable in the United States.

In contrast, "Polish Wedding" is a recently released film that depicts a Polish community near Detroit. In the tradition of Moonstruck, the first-time writer/director Theresa Connelly attempts to portray a wacky yet passionate ethnic clan. What she achieves instead is a family picture of crudely etched stereotypes set to accordion music. As noted by Brian Webster, a "Polish Wedding is a big disappointment and a painful mistake. It isn't funny. It isn't an
effective relationship film. And it isn't the least bit interesting." (www.screenit.com, p.1) Unfortunately, the movie offers not only the image of Polish people that is deceiving and untruthful but also further reinforces the stereotype that hurts Polish image in regard to business relationships with potential partners, like American medium size investors. Consequently, it is very important to stress the efforts Poland and Polish comminutes in the United States must conduct in order to create an appropriate image. Helena Znaniecka Lopata(1994) underlines:

From the point of sociology the inability to change ethnic stereotypes is not surprising, given the cost of such efforts in an enormous society and the persistence of prejudice in spite of evidence to the contrary. (p. 84)

Another researcher, an author of an unpublished novel about Poles living in the United States in the '90s (Dzuniga), recognized a very important element of Polish ethnic communities living here. During one of my interviews he noted:

Greenpoint and Jackson are the places where the double-dealing cultural stereotype game takes place. These places and the people living there are, very often(l), the only knowledge Americans have about Poland. On the other hand, number of Poles living there picture American culture on what they can experience in these, and only these, places. (Hurkala, Interview, 1999)

It is worth mentioning at this point that these types of ethnic centers present a very interesting sociological base, where under the pressure of a different, often an urban culture in a special, subtle form, a number of typical Polish characters
re-surfaced. Therefore, it seems very important to me, that two groups - Poles in Poland, and ethnic Poles living in the United States, are to some extent equally responsible for carrying out an image of Poles and Poland in the United States. A cynical approach of one group toward the other is not only ethically inappropriate but is especially sociologically fruitless.

Let me then draw a simple configuration (figure 1) which in the best manner sums what has been discussed thus far.

![Diagram](image.png)

figure 1

IMAGE OF POLAND

source: J. Hurkala

Aetna Inc., Goldman & Sachs International are companies that in great part will view Poland through their own corporate research conducted in Poland and not in ethnological or sociological terms. In all likelihood, they will derive their business decisions from a close and thorough look at Poland and its current status and environment. Accordingly, the graph shown in figure 1 won't be well-founded. Multinationals, on the other hand will particularly look into the essence of Polish market (figure 2) in order to make a final investment decision.
But the aim of my consideration is the medium size investor who may first analyze the Polish market through the examination of image of Poles in the United States. It is, often all, this prism that is most available. Therefore I would like to spend some time in developing this issue in regard to the Polish image in the United States, which as I indicated can play an important role in the potential of Poland as a attractive business partner.

**IMAGE OF POLES ARRIVING TO THE UNITED STATES**

The largest and most significant part of Polish immigration to the United States occurred between the 19th and 20th centuries. A certain number of
sociologists and ethnographic writers described this movement as of the same socio-economic level - lower industrial workers. The socio-ethnographic classic, *The Polish Peasant in Europe and America*, published in 1918 and 1921 by William I. Thomas and Florian Znaniecki, not only summarized and expressed the most characteristic outlook toward Polish studies in the United States, but also influenced later scholarship for a long time to come. Victor Greene(1976), former professor of History at THE University of Wisconsin, Milwaukee, expressed an opinion about this prewar fundamental work on Polish immigrating to the USA:

...they concluded that the Polish immigrants suffered in their adjustment to America, the new land. The ex-peasants had left static, traditional, hierarchical and generally simple community for a dynamic, progressive, fluid and complex one. The transfer, then, was vast; impact devastating. (p. 72)

Further, all of the Slav groups coming here at the beginning of the 20th century had become not only blue collar workers but in addition had been diversely named hunkies, hunky, Pollacks, Bohunks etc. However, at this point one clarification needs to be made as indicated by Josephine Wtulich (1994):

In scientific and non-scientific literature, it is not always clear if the Pole is being used to represent all other Slavs and some non-Slavs - as some authors use the term Slav indifferently - or if he alone, the Pole, is the particular Slav under the study. Certainly the majority of references found are to the Pole which in fact is not surprising given that the Pole far outnumber all other Slavs in the United States. (p. 20)
The quotation reveals that under the name "Poles," Americans used to group all other Slavs arriving from the Central and Eastern Europe - Poles, Slovaks, Croats, Slovenians, Ukrainians, Czechs, and emigrants from many other countries. There is no doubt, therefore, that the unfavorable image of Poles has not been, at least for a number of decades, adequately justified, and there is still lack of more specific studies regarding Polish ethnic communities in their own right. Previously mentioned ethnography expert indicated:

Americans have big problems with any distinction. They simplify everything. Here they Hispanic or Latinos means basically the same, and there is no need to try to geographically and culturally identify number of representants from different South American states. Thus, Puerto Ricans are not Cubans and vice-versa. (p.50)

This so called "bad image" of a Pole who is an untrained laborer with no intellect at all, "interested in bowling and beer," still exists in America, and often influences the broader American opinion, although the mass immigration after World War II and the period of communism in Poland, has brought to America a quite different type of people. Neil C. Sandberg(1975) characterizes this as follows:

This was essentially a more educated group, consisting of displaced persons, refugees, and others, some seeking economic opportunity but most looking for political freedom (...). The ability of these highly motivated people to speak English, combined with their cultural background, has enabled a large number of them, to reach a middle - or upper-class income (1975, p. 11).
But it is only since the 1960's that the traditional image of Poles, and especially Polish-American industrial workers, started to change significantly. Led by younger American social and labor historians, these writers suggested that the word "Hunky" inaccurately symbolizes a Polish immigrant laborer (Greene, Zeiger).

This visible transformation also finds its explanation based on the type of immigrants who have come to the United States during this time. Starting around 1965 four different groups arrived. First, young people educated in communist Poland. They easily found employment in the United States, obtained good salaries, comfort, and personal freedom. Their attitudes reflect postwar experiences; these are typical economic emigrants. The second group contains former communists - although still nominally committed to the cause of the working class, they have shifted their thinking more toward democratic doctrine. Scholars, university professors, and victims of post 1968 anti-liberal, anti-Semitic movements, many of whom were "gifted and prominent," formed the third group. Lastly, the forth group were students who left Poland in their 20s, victims of the 'brain-wash' disillusioned, frustrated, but still filled with hope for a better future (Gross, 1976, pp. 162 - 164).

A prominent researcher, Helena Znaniecka Lopata (1994), the daughter of Florian Znaniecki, has added that an extremely important group existing among Poles - newcomers - in the 1960's. Gross' characterisation leaves out that
group of Polish emigrants. From my point of view, that group has greatly influenced Poland’s image nowadays in the United States. Znaniecka-Lopata calls them wakacjusze (vacationers) "...'temporary' residents ... not involved in the political life(...) [having illegal status], and overwhelming desire to earn as much money as possible for return to Poland" (p.165). These people are somehow 'stuck in the middle' between their home country and their new country, focus only on financial gain; take whatever job is available (women - cleaning houses, babysitting, men - construction); live in the cheapest surroundings; are in great part responsible for the image that all Poles unfairly receive:

...they [cleaning women] rather than the man or Poles in other positions, have become symbolic of Polonia, probably because of the personal contacts so many Americans have with domestics. (Znaniecka-Lopata, p. 169)

Znaniecka-Lopata also emphasized an additional important element - the life-style of many Poles living in the United States that varies 'so considerably' (p.166). It became clear during my research that with the progressive globalization, with Poland and rest of the Central and Eastern European states re-joining the Western European political map, and with more American companies interested in exploring number of possibilities of cooperation (including businesses), the image of Poland and Poles is changing. However, it is also apparent that this image change, in the decade of the 90's, had been very slow.
In the book, *American Xenophobia and the Slav Immigrant* (1994), Josephine Wtulich noted:

All three genre - literature, film, and humor - have lent themselves to stereotyped, prejudiced statements, words and phrases, and to expressions of nativism and xenophobia. In all three genre in the United States, the image of the Slav was prescribed by the ethnophaulisms hunky and Polack. (p.34)

Returning again to the movie "Polish Wedding" (1999), it becomes evident that there is still much to be done by Polish community in the United States and by Poles in Poland to promote more refined image of the country and its inhabitants.

Andrzej Zilenski (1999) regarding Polish economy, indicated that promoting Poland abroad is amply left to our foreign trade and diplomatic agencies in their persuasiveness and perseverance that account for most of our promotional success (www.polishmarket.com, p.1).

In supporting this view, I firmly believe that a Polish-American community (Polonia) that cultivates Polish heritage and tradition, as well as Poles in Poland, is greatly responsible nowadays for the image that can serve as a perfect advertising tool for Poland and its business future. It is, primarily, the joint attitude of those groups that will decide about the issue; but secondly, it is also the foreigner's sensitivity, Americans in particular, toward the image, that creates a favorable or unfavorable picture of Poland and Poles.
This view deserves a closer examination because of its significance regarding my research. It is the way Poland and the entire region of Central and Eastern Europe is presented in the American educational system, and this has the most influential impact on those who are deciding whether enter into potential cooperation with Poland. Young people especially will have a great influence on the outlook America will have toward this region of Europe.

It is their introduction to Poland that will determine if they will have to reform their knowledge or thinking about Poland as a potential business partner. They must start from a solid and truthful comprehension of the social, political and historical circumstances that create the Polish reality. As noted by one of my interviewees:

"[for a long time of postwar history oft] Eastern Europe is covered in connection with American foreign policy during World War I and especially during World War II and the Cold War period. Such coverage although important is certainly not adequate for an understanding of this region. Besides, its main thrust is on bilateral American - Soviet relations and the struggle against communism. (Interview, 2000)"

This individual is the former Chairman of the Governor's Commission on Eastern European and Captive Nation History of the state of New Jersey. It might be interesting to quote the fragment of the April, 1984 press release signed by the former governor of New Jersey Thomas H. Kean:

"Just as we have taken steps to assure that the history of the Holocaust is taught in our public schools, so must we take steps to assure that the history of the captive nations is taught as well."
It is highly questionable why it took so long for the actual *Report of the New Jersey Governor's Commission on Eastern European and Captive Nation History* to be finalized. Still, doubt remains how much change has been implemented regarding the history of this part of Europe since the report was published in 1989. The most alarming question is to what extent similar actions have been conducted in other parts of the United States.


> I assume we agree on three things. First, the teaching about democracy and its adventures is one of our most important tasks. Second, that teaching it well is difficult to do. Third, that one of our greatest obstacles to doing so is the weakness of our textbooks. (p. 4)

But the weakness of textbooks, and further, the poor quality of knowledge received by many students on certain topics, does not build awareness on the subject. In this thesis on potential American investments in Poland this factor can be very important, taking into account the fact that the target is the medium size investor, who because of his limited knowledge of this part of Europe will not even consider the possibility of entering the Polish market.

The *Report* itself, as well as the interview session I conducted with one of the key player in preparing the document brought the following topics that urgently need correction and clarification. Let me cite three such examples:

1. **Confusion Over Nations States - Unbalanced Coverage:**

"New nations were created out of lands taken away from the defeated nations as well as from Russia." (p. 626). Poland was mentioned as an example of such newly created nation.

*Report* (1989) explanation: "Students must understand that treaties cannot of a new nations; they can create nation-states... Poland, following three partitions in the second half of the 18th century, no longer was an independent state; but the Polish nation continue to exist and develop its culture. The Polish state was recreated by Polish initiative." (p.16)


Four thousands of years Poland has been squeezed, pushed this way and that, by the great powers on either side." (p. 327)

*Report* (1989) explanation: "This is of course an overstatement. Authors usually emphasize Poland's internal weakness when explaining its decline and fall. However, they overlook that the earlier Commonwealth achieved greatness and brilliance. This Commonwealth (Rzecz Pospolita) was one of the very few examples in European history of a relatively successful multi-national federation in the history of Europe."
Comment: Showing Poland as a state without its rich historical development since the end of the 10th century, does not help in acquiring a proper knowledge about the state. It greatly damages a diverse picture of this once powerful kingdom.

2. Russo - Centric Approach to Eastern European History:

Commenting on this part of the Report the authors stated:

When authors ... do mention the history of non-Russian Eastern European countries prior to the 20th century, they treat it as an afterthought to give a more complete understanding of the history of Russia. History cannot by written entirely from the prospective of the present, otherwise the sin of anachronism will inevitably follow. (p.18)

There are at least two reasons for such an inappropriate approach existing in textbooks. First, it shows Russia as the only superpower or only actor in the region, and what is more important tends to show other states (including Poland) as conquerors (problematic states) permanently creating unnecessary wars.

It is commonly stated that "Poles do not like Russians" and that saying has been often repeated during my discussions with Americans. The truth of this statement, however, is not that certain and non-Poles cannot not easily understand it. There is more to the issue. Carefully checking the history of both nations one can find out that there was sympathy on both sides - and a certain social and cultural linkage between both nations. A one sided approach to the issue certainly does not help to understand relations between Poland and Russia
over the centuries. In addition, it does not help in building the positive image of Poles abroad at a time when the West is attempting rehabilitate the image of Russia in their own societies.

3. Eastern European Nations and the Soviet Union:


Non-Russian states of the Central and Eastern European countries are described as "communist countries" or "communist people" (p. 295).

*Report* (1989) explanation: "The Soviets had no intention of allowing free elections in Eastern Europe. Instead, they planned to build a Soviet communistic empire." (p.22)


In this textbook, the author went even further stating that "they [Central and Eastern European countries] had been part of the Russian empire for centuries." (p.725)

Both examples show no respect for the long history of a number of Central and Eastern European states. At the same time, these examples show countries and their culture, vulnerable under the pressure of Russian influence. It would be more accurate to state that these nations had been forced to accept communism as a result of "political" or military realities imposed at the conclusion of World
War II. While governments in the region embraced "communism," it is doubtful whether there was ever any mass acceptance of communist principles by the people at large. It is not true, and it does not apply at all toward Poland, for example, with its broad and long history. Therefore it must be plainly indicated through the education process that Poland, once a powerful state, has its own unique history: a history that has made Poles extremely proud of their heritage over the centuries; and a history that has made them today equal citizens of contemporary Europe as they plan to join the European Union. Presenting such a picture of Poland will unmistakably help Americans properly build the rightful image of Poles. It will serve for Americans as a helpful tool in finding Poland on the contemporary map of the world.

CONCLUSION

The chapter focused on the issue of shaping an accurate approach toward creating, promoting, and sustaining a good image of Poland. As Jan Nowak-Jezioranski, former head of the Polish section of Radio Free Europe, and a leading figure in Polish emigration after the World War II, states: "The country's image has a strategic importance - it is economically and politically influential around the region and the world." (Jelonkiewicz, 1998, p 1)
Still, the representation of Poles and Poland differs from country to country, and it also differs within an individual state. It is crucial to comprehend the simple mechanism that takes place in this part of the thesis. It is important to find a way to attract the individual investor to Poland. What remains a key factor is creating a positive image of Poland easily recognizable by others. This can serve as the best starting point for recognizing Poland as a modern, sophisticated and business worthy state. These characteristics will create a chance for attracting new investors.

Let me quote the current Prime Minister of Poland, Jerzy Buzek, after one of his visits to Washington DC:

President [Bill] Clinton, Vice-President [Al] Gore and Secretary of State [Madeline] Albright were very impressed with Poland's achievements and for this reason they confirmed the special role of Poland in the entire Central European region. (Jonas, 1998, www.warsawvoice.com.pl, p.1)

Yes, it is important to stress good relations with foreign governments. It is also meaningful to gain a good evaluation from the heads of governments. On the other hand, President Bill Clinton, former President George Bush, or any head of an American administration won't be able to assure what Poland is really looking for nowadays. Poland and its officials have to realize that the state has already gained the acceptance of the broad international political community. Now, it is time to work on 'citizen consent' that is the greatest, but at the same time, the most important challenge for those who are interested in promoting the
A country's image, as pointed out by Marek Koloczko, secretary general of the Polish Chamber of Commerce (KIG), is like a product, and a good image contributes to economic growth. At the same time, Wanda Jelonkiewicz (1998) in her article Who Do They Think We Are? concludes:

No... study has been conducted in Poland, and the authorities have not presented the public with any coherent, carefully planned program for creating the national image abroad. However, the result of a June 1997 survey, commissioned by PAIZ and carried out by the Indicator Marketing Research Center, are worth looking into. The survey shows how foreign investors perceive Poland, and the results could be useful guide for the future investors sounding out the market, as they indicate what barriers and obstacles they can expected in Poland. (www.warsawvoice.com.pl, p.1)

It is significant in terms of marketing efforts to work on the creation of a product which would be at one point identified with Poland, and at the same time, could automatically bring a certain perception of Poland. It might be an intelligent business decision for example to focus on an advertising campaign of Polish vodka. Such a campaign would be especially attractive to aggressive entrepreneurs who are vitally concern with consumer image.

I am firmly convinced that Poland, with its long and proud tradition, has shown itself capable of promoting a product with a variety of implied meaning. Of course, it is a costly campaign; one that involves a great deal of research and expressly demanding and understanding of today's global market. But, in the long run, it is a very important move, which can bring a lot of benefits for Poland and could greatly impact the image of Poles abroad. As noticed:
If Polish products exported to Western markets bear Western companies' logos and no producer name or country of origin, the Polish economy loses its identity. Good Polish products (clothes, household appliances, speakers are often sold abroad under a foreign name, and in the course of privatization Polish brands are ousted by foreign ones. (Petz, www.warsawvoice.com, p1)

Lastly, in regard to the North American market, it has to be acknowledged that there are a great number of Poles living in the United States and their voices are profoundly important. This community serves as the best "ambassador" for Polish interests. There is much that has been written about the way Polonia is structured and organized in the United States. My own experience, as well as my research, leads me to believe that this community has done a great deal of good work in helping Poland to achieve its new contemporary and more democratic shape. On the other hand, there is a difficult task awaiting for this community. Polonia needs consolidation and unified action. The main reasons for conflict in Polonia, as mentioned by Znaniecka-Lopata(1994), is over its "true" culture. Is it the traditional Polish national culture? Is it a folk culture; or is it the new comers with their subculture called wakacjusze? This endless discussion of to whom the Polish-American leadership belongs or just who they speak for more likely will weaken the community as whole, rather than build one strong ethnic cohort, which should take pride from its Polish heritage. These groups of people, in turn will greatly influences the image of Poland in the United States. Therefore, it is hard not to agree with.
Znaniecka-Lopata that "If there is a Polonian culture it is a combination of these..." (p.248)

In sum, the coordinated and consolidated action of Poles living in the United States and Poles living in Poland is of great importance for building the proper image of the country, one which will attract, and sustain those interested in Poland in the belief that Poland is a strong and promising partner - not only in business terms but as an equal partner in the international community.
-- Chapter V --

New Chance for Poland
Globalization is frequently related to the phrase "Americanization." Zbigniew Brzezinski (1997) in his book *Hegemony of a New Type* indicates that:

America's mass culture exercises a magnetic appeal, especially on the world of youth. Its attraction may be derived from the hedonistic quality of a life style it projects, but its global appeal is undeniable... American has become a Mecca for those seeking advanced education. (p.25)

On the other hand, the current French ambassador in Washington, Francois Bujon de l'Estang (1999/2000), points out with characteristic French attitude:

But the real issue is the prospect of uniformity of values, culture, economy, social structures, everything. That is perceived as a threat, and I suppose that is not surprising for a country with a long and proud history and a very rich culture. No one wants uniformity, [pr]a sort of global culture" (pp.45-50)

These remarks are very important to mention at this closing part of my thesis. In general, the course for globalization has not yet been clearly defined. Regardless its logic or argumentation, the wishful thinking presented in The *Grand Chessboard* of world security based on equal responsibility for the interest of the entire globe (especially based upon American and European cooperation) cannot untie this Gordian Knot of our times.

Poland as a developing European state, must find itself within the framework of this global world. At the same time, it should preserve its very long, important, rich, and influential culture and tradition. Poland's largest task today is to establish an economically independent nation. In turn, FDI plays
an important and deciding role in Poland's future. Foreign investors need markets, and are in search for them. Therefore, it is Poland's attitude and performance that will finally convince potential partners to participate in the Polish economy. As noticed:

many ... countries ... receive little foreign investments, often because of an unfavorable business environment, poor policies, unstable government, civil strife, weak infrastructure, poorly trained work force or small domestic market. (Global Development Finance, 1998, p. 20)

The problems mentioned above can detain any state interested in the foreign investments from pursuing business activity and cooperation. It has been proven in this thesis, and underscored many times, that the most important factor - the country's political accommodation - had been decided over a decade ago, and now there is a little chance for any government to change the course of transformation. The most convincing argument can be derived on the base of the recent events in Poland, and breakage of government coalition between Solidarity Election Action (AWS) and The Freedom Union (UW), which in fact shows the political maturity that these parties have finally achieved. The role of Jerzy Buzek, Prime Minister of the Polish government, should not be underestimated at this point.

An important characterization of the Polish government can be found in professor Jan Jerschina's(1999) article, "Political Update: The High Price of a Couple of Words." Jershina asks a very intriguing question: How is it possible
that a country which for so many years suffered partition and communist rule was able to generate such a good team of leaders, reformers and politicians?

It is a difficult society to rule, - answers Jerschina - but it generates first class leaders. No wonder Poles, who are not very enthusiastic about the government, are quite optimistic in their everyday life. They work hard and they consume, they take loans and they have faith in the Zloty (...) and their future. (p.16)

In July 2000 the Polish TVP Polonia News Program (Wiadomości), reported the meeting of SLD (Democratic Left Alliance - post-communist party in Poland) with the leaders of EU in Brussels. The fears evoked by this meetings regarding the real intentions of SLD toward entering EU structure were quickly dispersed by the declaration that SLD strongly advocates the Polish aspiration to be a member of European community. Therefore, borrowing from Jerschina(1999): "...an opposition which does its best to denigrate the Government and ruling political parties, but, at the end of the day, is pushing the country in the same direction towards the EU..."(p.16)

Political stability is one of the first issues a foreign investor will look into in order to establish its business activity in Poland. At this point, I strongly emphasize that since the middle of the 1990's it has not been that large the question. Let me bring an example, from one of my interviews:

"I can tell you that for the first time since I have started with the company years ago, the Board of Directors made the decision to go to Poland, and at the last meeting the directors began questioning because they read some articles in "New York Times" about social instability, tremendous pay claims and requests of the minorities and nurses and other workers, and
the weakness of the government. Even though it has been happening in the last twelve months it did not get Western press just recently. All of the sudden I have four or five inquires about it - should we worry about it?" My answer was: "No, do not worry about it. It should not affect your investment decision." (Interview, 1999)

"Although commonly cited as the most successful transition economy in central Europe, Poland still faces considerable challenges over the next few years." (Davidson, p.1)

Democracy alone cannot bring prosperity for a particular country. So far the most lucrative branches of economy have been taken over by foreign investors. These are mostly secure investments: banks, trade, telecommunication, insurance. However, branches that can still be of interest potential investors are still monopolized by the government. These are, for example: the oil industry, coal mining, and the steel industry. These groups fosters another important suggestion which, I think, would help Poland to accumulate the process of adaptation to the free market economy. These industries are simply afraid to bring major changes within their structures, which at the same time would require a great deal of reconstruction, including the implementation of a new model of managing. What is most important, transformation, would also require the introduction of competition, which would have a drastic impact on the way these companies currently operate.
A number of changes in regard to economic structure must still be undertaken regarding the subjects of healthcare, social security, and pension reform. It is crucial for Poland to work on regulations to make business performance more predictable and, in turn, more profitable, for foreign investors. It has to be remembered that there are a great number of multinational companies still very much interested in investing in Poland. But as revealed during one of my interviews with the Senior Manager of International Planing and Logistics of one of the American Company considering Poland as a potential business partner:

...there is a lot of risk involved all the time. If you want to be out there and you want to do things faster and faster you are going to pay for it. A lot of companies will sit back for a little while. They will watch and observe and wait until prices and the situation come down a little bit. Talking about Central and Eastern Europe - there are a lot of successful businesses but also a number of unsuccessful. So, some will sit back and wait and some will take the bleeding edge. (Interview, 1999)

Poland is an attractive partner regarding its geographical location in the heart of Europe. Poland is tempting as a big economy. However, each potential business partner that is considering making investments in Poland today still has to go through the process of a long, detailed research. Poles, should understand clearly that their willingness to work hard, their spirit, their beliefs in a free economy, and their aspirations must be backed-up first by sufficient economic statistics, necessary agreements, and regulations (law and custom).
However, recent events show that Poland is "losing" in comparison with the Czech Republic and Hungary, where foreign capital values quickly adapted state regulations to UE standards\textsuperscript{[xvi]}. Therefore, I am convinced that Poland needs to realize how important the process of a quick adaptation is to world standards within most economic sectors.

It is also crucial for all Central and Eastern European states, and for Poland in particular, to be able to cooperate with each other, and to learn from their own successes and failures.

For example, let me cite the case of Estonia, a small Baltic country, which comparably finds itself on the "top" of the list of post communist states of the region. This unquestionable success of the Estonian economy is due not only to a close and effective cooperation with neighboring Finland, but also to a correct approach toward investing in new fields, such as Information Technology and the Internet.

In my thesis, frequently, I used the expertise of two trustworthy and well recognized commentators on Polish matters in last decade, Jeffrey Sachs and Zbigniew Brzezinski, who greatly influence the way Americans perceive this part of Europe. One of the latest articles by Sachs(1999) sums up Poland's long struggle with the implementation of the new economic style.

Let me summarize Suchs' views: Poland's burgeoning private sector, bolstered by its proximity to Germany, helped to keep Polish government
focused on key reform. Foreign investors weighed in as well. The great prizes for Poland - membership in NATO and the European Union - prompted seriousness, speed, and transparency of reform. These inducements have been much weaker or non-existent the further east one goes. (p. 5)

In addition, Brzezinski (2000), who in most of his writing shows a strong belief in a unified Europe, stated after his official meeting with Jerzy Buzek, that: "Poland is received very well in the world. It belongs to the leading countries while considering its economic development." (Wiadomosci, 6/15/00) On the same occasion, Brzezinski also commented on the coalition crisis within Polish government:

Poland is functional democracy, and like in every democracy divorce in coalition takes place time to time. I do not see in it anything special or what most important dangerous. (Ibid.)

I think the previous statement has great influence. It brings an efficient suggestion for anyone considering Poland as a potential business partner. Poland should be perceived not only as a state where democracy has a long historical tradition, but also as a nation that today boasts an established political system.

When taking this approach, political factors won't present an unnecessary obstacle when entering the Polish market.

So far, I have presented a large picture of Poland as a country ready and open for foreign investment. The intention of my work, however, was not a close
and detailed analysis of economic, or even political, factors of contemporary Poland. As a conclusion, let me quote one of my interviewees:

We have to produce more efficiently, we also need Western technology, quality control, we have to know what is sellable on the market and what is not sellable. Little things ... automotive sheets for example have to be produced very rigorously. I think we are on the right path but it will take time and it will take patience and it will take effort of every single person involved. (Interview, 1999)

This statement, again, proves one of my points: that Polish transformation, although very dynamic and successful, still needs further development. Poles should be also aware of an important fact which is often is misunderstood. There is a strong tendency, among many Poles, to blame Communism and the former regimes for everything wrong that happened during Poland's postwar history. To some extent this is very true. However, it is time, especially after a decade of transformation, to get beyond this approach, to learn from it and work toward a better future. It is always important to learn from past experiences and failures. The Polish nation and its leaders must realize that it is not only the legacy of communism that has to be overcome. Poland has to transform not only from communism to capitalism, but also from the past era to the modern era. I feel that taking this approach would tremendously help many people to properly plan the future of Poland.

During my research, I have been closely investigating three other aspects that, from my point of view, may greatly contribute to Polish success in the
process of attracting foreign investors: Polish human resources and Poles' attitude toward American investors, the image of Poland in the United States, and the central location of the Polish market.

One of my interviewees revealed a very characteristic opinion expressed by the current President of Poland Aleksander Kwasniewski: "...36% of the foreign investment in Poland is represented by Germany. If you can help and find investors in Japan, United States, please help us (Sendzimir, Interview, 1999). This statement is important and interesting regarding the first conclusion, that, in fact, had already been underlined in my thesis. It relates to the issue of Polish-German relations over the decades, and especially to Polish caution and reluctance toward German business domination and investment interest in Poland. This is a very complicated and broad subject. While, it has to be remembered that Germany has done much, especially in recent years, to help Poland to find its proper place and position within European structure. The Polish-German legacy, from the historical point of view, always has to be taken into account while discussing Germany's place within the Polish market.

Notwithstanding, this discussion also provides the best argument for drawing another conclusion important the point of view of my research. Poles are very much in favor of American business. This is based mostly on two major facts. The first one was the one mentioned at the very beginning of this chapter. It relates to the American position as a "leader of the contemporary world" and to
the expansion of an American culture all over the world. But in the case of Poland, another element must be also brought to attention. Both nations do have a long and significant history, and for the most of post-war period, Poles considered the United States their major supporter in the fight against communism. Finally, I do not think - and strongly disagree with those who present such an opinion - that Poland must simply become one of successful imitators of Americanization. It is clear that over the decades, although open to the world of different cultures, Polish heritage has never become a secondary to outside cultural influences, and that a unique true Polish cultural legacy still prevails in Poland.

American attitudes toward a potential partner is another factor that significantly influences business cooperation. That is why in-depth economic research is so valuable and crucial for the whole process of investing. But the economic factors alone - low wages, skilled labor force etc. - cannot be decisive indicators of the future investment. At this point, I would like to, consider an opinion of one of the executives of the major American company that considers Poland as a potential business partner.

I can compare Poland with Mexico. These are totally different places, different countries, different population sizes. The economy in Mexico is twice the size than economy in Poland. So, Mexico is twice the opportunity. But, when you dig into the details we see that in Mexico there are 2 or 3 partners that we can do franchise with but they do not fit us very well. You might turn around and say now - oh, but Poland is too small that one particular company but they seem to be excellent people,
they seem to have excellent business skills, they seem to do all the things right and it is easy for us to get in there and it might turn out that Poland goes first before Mexico. (Interview, 1999)

Poland is a country which needs international assistance. This does not only mean financial assistance. American businessmen should realize that doing business in Poland involves a little more than just collecting profits. In Chapter IV I underlined the importance of a close cooperation that would be fruitful for both partners. An experienced and well developed foreign company can offer help in building a confident and professional team of people responsible for business cooperation.

To support the previous view, let me cite the statement of one of "Los Angeles Times" correspondents, Dean Murphy, who for a long time worked in Warsaw:

...my son got his finger caught in the door of our house, and it severed the top of his finger, and he had to go have emergency surgery. And it was a very traumatic experience, particularly since we had only recently got there. (...) We did not really know Polish. We didn't know the system. My wife took child to the hospital, but it is sort of a metaphor for the things in Poland because the doctors were outstanding. The doctor came to the house, helped my wife, ushered him through the whole process at the hospital. The care at the hospital as far as the doctor's attention was superb. We brought the child back to the States later, and the doctors here were marveling at how good the skin graft was.

On the other hand, the facilities were shocking. It was literally out of a Dickens novel. There were six kids cramped in one little room. We have one little boy who was looking after our son only because he liked him. A soup trolley came down the center of the aisle giving them their meals. We had to give diapers to them because they didn't have any diapers to
change them. We had to give money to the nurse because she would pay attention to him. It was just visually and facilities-wise, it was shocking, but as people they were wonderful, and our son got great care. (1998, p.8).

Poland as a victim of Yalta Conference, Poland as a state with Russian occupancy - these are only two of the statements regarding Poland, so often heard, read, and expressed by many, mostly Polish, commentators. Part of my thesis focused on the Polish image and promoting efforts to hange and redefine this image. Because of the significance of Polish-American cooperation, the issue of Poland's image in the United States asks for a closer examination, as well as the way in which Americans perceive Polonia - Poles living in the United States.

Therefore, cooperation between Polonia and Poland is imperative. Both, Poles living in the United States, and those in Poland, should combine their efforts in order to promote one, unified and positive image of Poland. In my thesis, I stressed that most Americans will draw their picture of Poland from their experience with Polonia. During one of the meeting with members of the Polish community in Philadelphia I overheard someone saying: "Pope, Pierogies, and Polka - wouldn't it be wise to go beyond these already established symbols of Poland?" I am convinced that it is not only wise, but it is necessary to do so in order to show a different picture of Poland.

However let us consider those famous pierogies. The product that is so often associated with Poland, and often, to many, in a way represents Poland
itself. What is very interesting is the fact that many Poles are, in a sense, ashamed that pierogies are recognized by Americans as the main "representative" of Polish culture. Personally, I don't find this inappropriate in any way.

Giorgio Food Inc. is a large food company in the United States, and part of its success belongs to the popularity of Polish pierogies. It has been successful in marketing to both Poles and Americans. In conclusion, I think it is very important for Poland to successfully promote a certain product on the American market. Pierogies serves as a good example because of their already existing recognition.

When thinking about promoting Poland's positive image, one must not think only what is necessary to attract the audience/consumer, but also, what seems to be more significantly, what that audience/consumer expects and wishes for.

The image of Poland in cyber-space presents another important element of promotion and creates tasks for marketing and advertising experts. Although there are a number of Polish sites on the Internet, they mostly do not present a coherent picture and they are not organized in away that is easily understood. Poles very often pride themselves on the number of computers per capita. But the problem I am finding has nothing to do with the number of computers. It is mostly the content that presents the problem, creating misinformation and confusion.
First, it will send the foreigner to their own resources (if available), and second, Poles themselves will look for another source of information. As a result, Poland automatically risk loosing its proper and profitable 'place on the Internet.' In addition, one must pay attention to the fact that the Internet is becoming the media of our time, and opportunity, once missed, can be very difficult to recapture. What I would suggest is to create a concise, easily accessible, well organized and administered site. Although, all the information about Poland can still be found on the Internet, current practices require intensive search of all possible sites and are not combined in one place xxxviii.

The promotion of a positive image of a country remains a very difficult and demanding task, and it is a necessity. In regard to the American market, the job seems to be twice as hard. Through my research I have found, a number of people and organizations in different parts of the United States, that try to promote Poland as a potential investment partner. What startled me, was the fact that those activities seem to lack any coherence and cooperation. It is understandable how much profit can be gained from a team effort, and it seems Poles have a lot to learn in this particular area. There is an urgent need for closer and more professional cooperation among Polish organizations in the United States. Only a united community, working closely together, can create an image of Poland, and its resources, that can attract future investors.
As the last part of my research, I investigated the importance of the central location of Poland. The last part of Chapter IV was intended to demonstrate and to underline a strategic location on a strong, international market. Poland, with its large domestic market (40 million people), has always held a bridge-head position between Western and Eastern markets. This is a very important indication, especially favoring Poland as a potential market. Each of my interviewees made it very clear that the geo-political location of Poland is one of its "trump cards" regarding investment opportunities. This central location creates very convenient access to Western markets, and at the same time, allows exploitation of other Central and Eastern European opportunities, especially Russia and the Ukraine.

Let us just for a moment imagine how lucrative the Ukrainian market might become in a future. Nowadays, the Ukraine still presents very risky opportunity, mostly due to very unclear Russian-Ukrainian relations, and the lack of direction toward sustained economic transformation. However, the fact remains that the Ukrainian market will, in the future, be considered by Western partners. To a certain extent, it can be said, that when comparing Ukraine to Poland, Ukraine lags behind, and at this moment the Polish market is far more advanced than Ukrainian\textsuperscript{xxix}. Setting up an entity in Poland would provide a very profitable window for future, more secure opportunities in Ukraine:
In the former Soviet Union, the economic policies advanced and adopted over the past decade have failed to deliver the results that the people in the region hoped for and that many outside specialist expected. In light of these setbacks and disappointments, the next administration will have to consider corrective steps. (Maynes, 2000, p. 68)

However, the Ukrainian market is only one example. There is the entire region of Central and Eastern Europe, including Russia, which some day will become a great market ready to cooperate with Western investors, including The United States. Therefore, experienced and established businesses in Poland will become a crucial competitors in this part of Europe.

One of the main obstacles to doing business in Poland, mentioned so often during my research, was the road infrastructure. In Chapter IV I analyzed an alternative transportation solution - especially focusing on railroad infrastructure. Sadly, building western-quality roads (highways) will take time, and a lot of effort. This is one of the largest and most expensive operations for any country. However, one thing must be considered while approaching this important issue - Poland, and the entire Central and Eastern European region, is only a small part of the European community. American investors considering investing in Poland have to notice that the size of Poland compares closely to the size of the state of Pennsylvania in the United States. Also, what seems to be very important, a great development during the course of the last decade in Poland, the Czech Republic, and Hungary, proves that this still visible weakness of Polish market will be work upon within in a near future.
I am convinced, upon the conclusion of this thesis, that Poland drastically differs in comparison with other Central and Eastern European states. I am fully aware of the fact how difficult and challenging for the country the process of transformation to a free market economy has been. Poland still has a long way to go until it will become an economically independent and fully developed nation. It has a long road ahead to become a country with risk free opportunities for major investors, if, indeed, something like 'a free risk' scenario exists. What one has to always remember when considering Poland, is that Poland, in order to become such a nation, needs foreign investors to assure the transformation process, and needs assistance and knowledge from the experts of Western markets. Poles fought for their freedom from the communist regime, especially in the 1980, convinced that their country's transformation will bring prosperity and happiness for future generations. I strongly believe in the ultimate success of Polish transformation process, and I am convinced that the country, that for so many years suffered under Soviet regime, will become a competitive economic partner on the world arena.
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Appendix I - Population Structure in Poland (source: PAIZ)
Appendix 2 - Letter (March 15, 1999) from former President George Bush to Mr. Michael Sendzimir, Chairman, President, and CEO - Sendzimir, Inc.

TEXT
APPENDIX III

MAJOR POLITICAL PARTIES IN POLAND

Name of the party, orientation, leadership, structure
The political parties in Poland are, historically, deeply divided. The polarisation between the former communists and their allies on the one hand and the post-Solidarity-parties on the other hand is still dominant in Polish politics. It has been said, however, that in the socio-economic field a consensus exists among the political parties in Poland. All parties favour European integration, privatisation with a human face and economic reforms. The main items are the speed and the form of the reforms.

Solidarity Election Action (Akcja Wyborcza Solidarnosc, AWS) - 187 seats in the Sejm - obtained 201 seats after the elections in September 1997, but defections have cut the AWS representation to 187 seats. The AWS is a strongly anti-communist grouping of some 30 centre and right wing parties and trade unions. Former opposition movement, Solidarity, forms the core of the alliance. Other major parties within the AWS are the Polish Christian Democrats' Alliance (PCchD), the Conservative Peasants' Party (SKL) and the Christian-National Union (ZChN). The AWS aims to become a united Christian Democratic party along the lines of the German CDU/CSU, but so far this has proved to be difficult because of the highly composite nature of the alliance. The AWS has a huge rural backing with some nationalistic and traditional conceptions. While in government, it seeks to find a balance between a social course and the necessary painful reforms in agriculture, education and health care. It has lost considerable support since 1997.

Party leader: Marian Krzaklewski (also leader AWS parliamentary club and of the AWS Social Movement, the RS AWS)

Democratic Left Alliance (Sojusz Lewicy Demokratycznej, SLD) - 164 seats - SdRP), the successor of the communist PZPR, and the OPZZ trade union. The SdRP was founded in 1992 at the last party congress of the PZPR. As party leader of the SdRP, Aleksandr Kwasniewski won the presidential elections in 1995, after which former Prime Minister Jozef Oleksy became party leader both of the SdRP and of the alliance SLD. In June 1999 the SdRP was dissolved. A month before a new party, the SLD, was created. This party was founded in order to become a successor of the SdRP but also of the SLD political alliance. According to the Polish constitution only political parties and not alliances are allowed to present candidates for parliamentary elections. Some say, however, that financial problems caused the dissolution of the SdRP. It is questionable as to how many of the old members of the SLD and the SdRP will become members of the new
SLD and how many new members will be attracted. The political course of the SdRP will be continued, like an energetic approach with regard to privatisations and a positive attitude towards integration into European structures. Within the SLD there are two main streams. Former prime minister and former SdRP party leader Jozef Oleksy (March 1995 - Feb 1996) is considered the main force of the pragmatic faction of the party, whereas incumbent party leader and former minister of Interior and Administration, Leszek Miller, belongs to the sedeate and ideologically more conservative wing of the party. Miller has deep roots in the predecessor of the SdRP, the communist PZPR.

**Party leader: Leszek Miller**

The Freedom Union (Unia Wolnosci, UW) - 60 seats - is dominated by former leading members of Solidarity from its heyday and former prime ministers such as Suchocka, Olszewski, Bielecki, Mazowiecki. Internal unity is a key issue in the party, which tries to cover the whole political centre. The Freedom Union arose from the merger of the Democratic Union (UD) of Mazowiecki and the Polish Liberal Congress (KLD), led by Bielecki in April 1994.

Incumbent party leader and former minister of finance Leszek Balcerowicz was the architect of the shock therapy in the beginning of the 90's. The UW is one of the more liberal parties. It presents itself as a party of the centre rejecting all extremism and fanaticism. The party favours European integration, rapid further privatisation of the state owned enterprises and decentralisation of the government. Its main support consists of those people who have been able to profit from the socio-economic developments since 1989, such as the emerging Polish middle class, the business community and the urban intelligentsia. Former UW Foreign Affairs Minister Bronislaw Geremek has been internationally praised for his modern and dynamic foreign policy style, crowned by Poland's accession to NATO.

**Party leader: Leszek Balcerowicz**

Polish Peasant Party (Polskie Stronnictwo Ludowe, PSL) - 27 seats - was founded at the end of the nineteenth century. After World War II the party became one of the bloc-parties supporting the communist regime and therefore part of the National Front. From 1989 until 1997 it was a partner in all coalition governments. After the 1997 elections the party lost 105 seats, dropping from 132 to 27 seats. The party is said to be in favour of privatisation, diffusion of agricultural ownership and decentralisation to local administrations. In reality, the government of former party chairman Pawlak (October 1993 - March 1995) proved to be somewhat unwilling to continue the reform process. Furthermore, protectionist trade measures are part of the PSL's program. Some nationalistic tendencies are also noticeable. The party is rather reticent in its approach towards the European Union, because of its rural backing (farmers). The PSL's
The rank-and-file is conservative. Ideologically, the PSL is moving in a conservative Christian Democratic direction.

*Party leader: Jaroslaw Kalinowski*

**Movement for the Reconstruction of Poland** (Ruch Odbudowy Polski, ROP) - 6 seats - an anti-communist protest party, formed as a new right wing party around ex-prime minister Jan Olszewski (Dec 1991 - June 1992) in November 1995. It has a strongly patriotic tendency.

*Party leader: Jan Olszewski*

**The German minority** has two seats in the parliament.

**Polish Socialist Party** (PPS) - The PPS is the heir to the Socialist Party which had a strong following in the inter-war and the immediate post-war periods. The party was re-established in 1989 under the leadership of J.J. Lipski. The party stands for moderate reform and minority rights (of Germans), distinguishing the PPS from rival parties. The party has a minimal following and was troubled by internal struggles. The party did not pass the electoral threshold at the parliamentary elections of 1993 and 1997, but was represented with three seats in the Sejm in the previous period (1993 - 1997) thanks to a political alliance with the SLD.

*President: Piotr Ikonowicz*

**Labour Union** (Unia Pracy/ UP) - no seats - Most party-leaders of the UP originally formed part of Solidarity. The party favours a slow-down in economic restructuring when social costs become too high. The opinion is that because of Poland's economic performance (5 percent growth of GDP per year) welfare orientated policies seem appropriate. Also, in relation to economic policy, the UP wants fiscal reform, geared to a redistribution of income. The UP denounced the attempt to "clericalise" schools by introducing religious instruction. The party favours European integration, though not as strongly as the SLD or the UW. Politically the UP stands close to the SLD and the PSL. However, the party's attitude towards the (ex-communist) SLD is rather critical, accusing the latter of following neo-liberal economic policies, politicisation of the state apparatus and maintaining too close links with industrial and financial establishments. At the 1997 parliamentary elections the party failed to gather enough votes to pass the electoral threshold. Since then the party has disintegrated. Former leader Ryszard Bugaj has completely retired from politics, many other members have left the party or are not actively involved anymore. Future co-operation with the SLD is discussed, though this is unacceptable for the authentic social democrats within the UP.

*Party leader: Marek Pol*
TRADE UNIONS

Trade unions are split into three major groups in Poland. There are two large trade unions, Solidarity and the National Trade Union Alliance or All Poland Trade Union Alliance (OPZZ), both with political affiliations, and a third group of about 200 independent trade unions. Solidarity and the OPZZ are diametrically opposed to each other. In the past few years trade union membership has declined in Poland. It is said that the Polish trade unions are strong in the political arena and rather weak in the work place.

Solidarity (NSZZ Solidarnosc) - The trade union Solidarity was founded in August 1980 as a result of workers' protests. It developed into a huge social and political umbrella movement, backed by a broad public, striving for freedom, democracy and better living conditions. The movement played a dominant role in the political developments at the end of the 80's and beginning of the 90's. Lech Walesa, former party leader and dominant figure in the democratic opposition, was president from December 1990 to December 1995. At the 7th National Congress of the Union (June 1996) a political coalition was initiated called the Solidarity Election Action (AWS). It is part of the ruling government, which puts the trade union Solidarity in an difficult situation, due to unpopular reforms in the social economic field. The trade union Solidarity claims to have 1.300.000 members (about 7 percent of the labour force, 1998), ranging from labourers and unemployed to scientists and technicians.

All Poland Trade Union Alliance (OPZZ) - The OPZZ is aligned to the SLD. It has about 3 million members and has deep roots in the old power structure. The trade union has lost a lot of credibility since its participation in the government of the SLD (1993-1997), when painful privatisation and liberalisation measures were not prevented by the OPZZ. The OPZZ mobilises people with the aim to weaken the government's position.
APPENDIX IV

CURRENT LIST OF COMPANIES ON WARSAW STOCK EXCHANGE

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Company Name</th>
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<tbody>
<tr>
<td>AGRH2/C-WR</td>
<td>Agros Holding S.A.</td>
</tr>
<tr>
<td>AMBP2-WR</td>
<td>American Bank in Poland Inc.*Amerbank</td>
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<td>AMIC2-WR</td>
<td>Amica Wronki S.A.</td>
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<td>APATOR S.A.</td>
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<td>APE2-WR</td>
<td>APEXIM</td>
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<td>ART2-WR</td>
<td>Ariel S.A.</td>
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<td>AMS2-WR</td>
<td>Art Marketing Syn</td>
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<td>ATL12-WR</td>
<td>Atlantis S.A.</td>
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<td>BAK2-WR</td>
<td>Bank Komunalny S.A. w Gdyni</td>
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<td>BOSR2-WR</td>
<td>Bank Ochrony Srodowiska S.A. *BOS</td>
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<td>BPRH2-WR</td>
<td>Bank Przemyslwo Handlowy BPH</td>
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<td>BREFK2-WR</td>
<td>Bank Rozwoju Exportu S.A. *BRE</td>
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<td>BSLA2-WR</td>
<td>Bank Slaski w Katowicach</td>
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<td>Bank Wspolpracy</td>
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<td>Centrostal S.A.</td>
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<td>CPOL2-WR</td>
<td>Chemiskor S.A.</td>
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<td>DEBC2-WR</td>
<td>Computerland</td>
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<td>DOMP2-WR</td>
<td>Debica S.A</td>
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<td>DSZD2-WR</td>
<td>Dom-Plast S.A.</td>
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<td>DRNF2-WR</td>
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<td>ECHP2-WR</td>
<td>Drugi Narodowy Fundusz Investycyjny *II</td>
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<td>ELEX2-WR</td>
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<td>PRZP2-WR</td>
<td>Elektromontaz Export</td>
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<td>ENER2-WR</td>
<td>Elektromontaz Warszawa</td>
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176
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<td>EPAS2-WR</td>
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<td>EXBD2-WR</td>
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<td>FAMF2-WR</td>
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<td>GPRD2-WR</td>
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<td>HTF2-WR</td>
<td>Gdanskie Przedsiębiorstwo Robot Drogowyc</td>
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<td>HUTO2-WR</td>
<td>Huta Ferrum S.A.</td>
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<tr>
<td>HSGI2-WR</td>
<td>Huta Olawa S.A.</td>
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<tr>
<td>HUTM2-WR</td>
<td>Huta Szkła Gospodarczego *Irena S.A.</td>
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<td>ISAW2-WR</td>
<td>Hutmen S.A.</td>
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<td>OLZD2-WR</td>
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<tr>
<td>IZOL2-WR</td>
<td>Indykpol</td>
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<td>JNFI2-WR</td>
<td>Izolacja A.S.</td>
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<td>KGHM2-WR</td>
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<td>EFEK2-WR</td>
<td>Kompap S.A.</td>
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<td>KOSZ2-WR</td>
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<td>KPBM2-WR</td>
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<td>LNX2-WR</td>
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<td>LDA2-WR</td>
<td>Lentex S.A.</td>
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<td>LUK2-WR</td>
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<td>MOGD2/B-WR</td>
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<td>NFIK2-WR</td>
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<td>Polifarb Debica S.A.</td>
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<td>POBR2-WR</td>
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<td>PNI21-WR</td>
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<td>PPA Bank</td>
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<td>SOZA2-WR</td>
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<td>W2-WR</td>
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<td>WBK Wielkopolski Bank Kredyt</td>
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<td>Zaklady cementowo-wapiennicze *Gorazdze</td>
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<td>Zaklady Chemiczne i Tworzyw Sztucznych *</td>
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## APPENDIX V

**Main macroeconomic indicators 1996-2002**

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<td>GDP growth (%)</td>
<td>6.1</td>
<td>6.9</td>
<td>4.8</td>
<td>4.1</td>
<td>5.2</td>
<td>4.7-4.9</td>
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<tr>
<td>GDP in bln USD</td>
<td>134.5</td>
<td>133</td>
<td>145</td>
<td>162.1*</td>
<td>n.a.</td>
<td>n.a</td>
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<td>GDP per capita (st.) in USD</td>
<td>3474</td>
<td>347</td>
<td>375</td>
<td>4200*</td>
<td>n.a.</td>
<td>n.a</td>
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<tr>
<td>GDP per capita (ppp) in USD</td>
<td>6940</td>
<td>700</td>
<td>750</td>
<td>8100*</td>
<td>n.a.</td>
<td>n.a</td>
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<tr>
<td>Budget deficit (%)</td>
<td>-2.5</td>
<td>-2.6</td>
<td>-2.4</td>
<td>-2.2</td>
<td>n.a.</td>
<td>n.a</td>
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<td>Export growth (%)</td>
<td>6.7</td>
<td>11.5</td>
<td>11.1</td>
<td>10.1</td>
<td>10.1</td>
<td>9.4-9.6</td>
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<tr>
<td>Import growth (%)</td>
<td>27.8</td>
<td>18.3</td>
<td>13.9</td>
<td>11.9</td>
<td>9.5</td>
<td>9-9.2</td>
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<td>Inflation rate (%) CPI</td>
<td>18.5</td>
<td>13.2</td>
<td>8.6</td>
<td>9.8</td>
<td>4</td>
<td>2.9-3.1</td>
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<tr>
<td>Inflation rate (%) PPI</td>
<td>n.a.</td>
<td>n.a.</td>
<td>4.9</td>
<td>7.3</td>
<td>4.3</td>
<td>3.3-3.2</td>
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<tr>
<td>Unemployment rate (%)</td>
<td>13.2</td>
<td>10.5</td>
<td>10.4</td>
<td>13.0</td>
<td>12.5</td>
<td>7.9</td>
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<tr>
<td>Unemployment rate (in mln)</td>
<td>2.4</td>
<td>1.8</td>
<td>1.8</td>
<td>2.4</td>
<td>1.62</td>
<td>1.58-1.63</td>
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<tr>
<td>Gross foreign reserves in bln USD</td>
<td>13</td>
<td>20.7</td>
<td>28</td>
<td>25.6</td>
<td>n.a.</td>
<td>n.a.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: The Ministry of Finance, The Governmental Center for Strategic Studies

* forecast
## APPENDIX VI

Largest foreign investors in 1999

<table>
<thead>
<tr>
<th>No.</th>
<th>Investor</th>
<th>Capital invested (mln USD)</th>
<th>Country of origin</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vivendi</td>
<td>1,204.2</td>
<td>France</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>2</td>
<td>United Pan-Europe Communications</td>
<td>1,200.0</td>
<td>Netherlands</td>
<td>Media and entertainment</td>
</tr>
<tr>
<td>3</td>
<td>UniCredito Italiano</td>
<td>1,042.0</td>
<td>Italy</td>
<td>Banking</td>
</tr>
<tr>
<td>4</td>
<td>Eureko B.V</td>
<td>601.4</td>
<td>International</td>
<td>Insurance</td>
</tr>
<tr>
<td>5</td>
<td>Allied Irish Bank Plc.</td>
<td>582.0</td>
<td>Ireland</td>
<td>Banking</td>
</tr>
<tr>
<td>6</td>
<td>Bayerische Hypo-Sud Vereinsbank AG</td>
<td>276.0</td>
<td>Germany</td>
<td>Banking</td>
</tr>
<tr>
<td>7</td>
<td>Daewoo</td>
<td>194.9</td>
<td>Korea</td>
<td>Automotive, electrical machinery and apparatus, construction</td>
</tr>
<tr>
<td>8</td>
<td>ACCIONA</td>
<td>165.0</td>
<td>Spain</td>
<td>Construction, trade and repairs</td>
</tr>
<tr>
<td>9</td>
<td>RAO Gazprom</td>
<td>151.6</td>
<td>Russia</td>
<td>Construction</td>
</tr>
<tr>
<td>10</td>
<td>Jeronimo Martins Holding</td>
<td>142.0</td>
<td>Portugal</td>
<td>Wholesale and retail trade</td>
</tr>
</tbody>
</table>
### APPENDIX VII

*Foreign Direct Investment in Poland – country breakdown (as of December 31, 1999)*

<table>
<thead>
<tr>
<th>No.</th>
<th>Country of origin</th>
<th>Capital invested (millions of USD)</th>
<th>Planned investment (millions of USD)</th>
<th>Number of investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Germany</td>
<td>6,077.3</td>
<td>2,405.7</td>
<td>180</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>5,152.9</td>
<td>2,973.4</td>
<td>125</td>
</tr>
<tr>
<td>3</td>
<td>France</td>
<td>3,854.7</td>
<td>1,546.6</td>
<td>67</td>
</tr>
<tr>
<td>4</td>
<td>Netherlands</td>
<td>3,233.2</td>
<td>701.6</td>
<td>49</td>
</tr>
<tr>
<td>5</td>
<td>Italy</td>
<td>3,208.0</td>
<td>668.5</td>
<td>67</td>
</tr>
<tr>
<td>6</td>
<td>International</td>
<td>2,589.3</td>
<td>575.2</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>Great Britain</td>
<td>2,068.0</td>
<td>263.4</td>
<td>35</td>
</tr>
<tr>
<td>8</td>
<td>Korea</td>
<td>1,616.3</td>
<td>657.2</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>Russia</td>
<td>1,112.2</td>
<td>625.8</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Ireland</td>
<td>813.7</td>
<td>100.0</td>
<td>3</td>
</tr>
<tr>
<td>11</td>
<td>Austria</td>
<td>799.4</td>
<td>180.3</td>
<td>32</td>
</tr>
<tr>
<td>12</td>
<td>Sweden</td>
<td>789.2</td>
<td>623.8</td>
<td>43</td>
</tr>
<tr>
<td>13</td>
<td>Switzerland</td>
<td>634.6</td>
<td>305.1</td>
<td>16</td>
</tr>
<tr>
<td>14</td>
<td>Denmark</td>
<td>541.4</td>
<td>50.3</td>
<td>30</td>
</tr>
<tr>
<td>15</td>
<td>Norway</td>
<td>456.0</td>
<td>455.2</td>
<td>12</td>
</tr>
<tr>
<td>16</td>
<td>Japan</td>
<td>374.4</td>
<td>137.0</td>
<td>12</td>
</tr>
<tr>
<td>17</td>
<td>Belgium</td>
<td>289.8</td>
<td>245.1</td>
<td>21</td>
</tr>
<tr>
<td>18</td>
<td>Portugal</td>
<td>288.2</td>
<td>323.5</td>
<td>3</td>
</tr>
<tr>
<td>19</td>
<td>Spain</td>
<td>259.3</td>
<td>na</td>
<td>6</td>
</tr>
<tr>
<td>20</td>
<td>Canada</td>
<td>259.0</td>
<td>37.3</td>
<td>22</td>
</tr>
<tr>
<td>21</td>
<td>Finland</td>
<td>214.0</td>
<td>46.0</td>
<td>20</td>
</tr>
<tr>
<td>22</td>
<td>Croatia</td>
<td>173.0</td>
<td>16.0</td>
<td>2</td>
</tr>
<tr>
<td>23</td>
<td>Turkey</td>
<td>100.1</td>
<td>58.0</td>
<td>4</td>
</tr>
<tr>
<td>24</td>
<td>Australia</td>
<td>68.0</td>
<td>22.0</td>
<td>3</td>
</tr>
<tr>
<td>25</td>
<td>Czech Republic</td>
<td>51.2</td>
<td>na</td>
<td>4</td>
</tr>
<tr>
<td>26</td>
<td>China</td>
<td>45.0</td>
<td>45.0</td>
<td>2</td>
</tr>
<tr>
<td>27</td>
<td>Lichtenstein</td>
<td>29.5</td>
<td>12.0</td>
<td>3</td>
</tr>
<tr>
<td>28</td>
<td>RSA</td>
<td>25.0</td>
<td>40.0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Luxemburg</td>
<td>11.6</td>
<td>na</td>
<td>2</td>
</tr>
<tr>
<td>----</td>
<td>-----------</td>
<td>------</td>
<td>-----</td>
<td>----</td>
</tr>
<tr>
<td>30</td>
<td>Malaysia</td>
<td>10.7</td>
<td>2.2</td>
<td>1</td>
</tr>
<tr>
<td>31</td>
<td>Cyprus</td>
<td>7.2</td>
<td>6.5</td>
<td>2</td>
</tr>
<tr>
<td>32</td>
<td>Slovenia</td>
<td>6.0</td>
<td>50.0</td>
<td>1</td>
</tr>
<tr>
<td>33</td>
<td>Taiwan</td>
<td>5.7</td>
<td>200.0</td>
<td>1</td>
</tr>
<tr>
<td>34</td>
<td>Israel</td>
<td>5.4</td>
<td>20.0</td>
<td>3</td>
</tr>
<tr>
<td>35</td>
<td>Greece</td>
<td>1.5</td>
<td>4.0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Total FDI over 1</td>
<td>35,171.0</td>
<td>13,397.0</td>
<td>799</td>
</tr>
<tr>
<td></td>
<td>Total FDI in Poland</td>
<td>38,912.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Prepared by the Research Department of PAIZ, February 2000
**APPENDIX VIII**

Localisation of major foreign investors  
(as of December 31, 1999)

<table>
<thead>
<tr>
<th>Voivodship</th>
<th>Number of locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mazowieckie</td>
<td>483</td>
</tr>
<tr>
<td>2. Wielkopolskie</td>
<td>268</td>
</tr>
<tr>
<td>3. Dolnośląskie</td>
<td>231</td>
</tr>
<tr>
<td>4. Pomorskie</td>
<td>166</td>
</tr>
<tr>
<td>5. Lubelskie</td>
<td>146</td>
</tr>
<tr>
<td>6. Opolskie</td>
<td>118</td>
</tr>
<tr>
<td>7. Małopolskie</td>
<td>111</td>
</tr>
<tr>
<td>8. Podkarpackie</td>
<td>81</td>
</tr>
<tr>
<td>9. Zachodniopomorskie</td>
<td>77</td>
</tr>
<tr>
<td>10. Lubuskie</td>
<td>56</td>
</tr>
<tr>
<td>11. Lubelskie</td>
<td>50</td>
</tr>
<tr>
<td>12. Warmińsko-Mazurskie</td>
<td>46</td>
</tr>
<tr>
<td>13. Podlaskie</td>
<td>43</td>
</tr>
<tr>
<td>14. Łódzkie</td>
<td>36</td>
</tr>
<tr>
<td>15. Podlaskie</td>
<td>31</td>
</tr>
</tbody>
</table>

Prepared by the Research Department of PAIZ, February 2000
## APPENDIX IX

Foreign Direct Investment in Poland – breakdown by activity
(as of December 31, 1999)

<table>
<thead>
<tr>
<th>Activities according to the European Classification of Activities (ECA)</th>
<th>Capital invested (millions of USD)</th>
<th>Planned investment (millions of USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing:</td>
<td>17,318.4</td>
<td>5,836.3</td>
</tr>
<tr>
<td>Food, drinks and tobacco products</td>
<td>4,617.4</td>
<td>986.7</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>4,404.6</td>
<td>1,331.2</td>
</tr>
<tr>
<td>Other non-metal goods</td>
<td>2,091.9</td>
<td>1,066.5</td>
</tr>
<tr>
<td>Pulp and paper, publishing and printing</td>
<td>1,383.8</td>
<td>411.7</td>
</tr>
<tr>
<td>Chemicals and chemical products</td>
<td>1,304.2</td>
<td>469.2</td>
</tr>
<tr>
<td>Electrical machinery and apparatus</td>
<td>1,269.5</td>
<td>429.7</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>536.1</td>
<td>322.4</td>
</tr>
<tr>
<td>Rubber and plastics</td>
<td>451.3</td>
<td>253.9</td>
</tr>
<tr>
<td>Metals and metal products</td>
<td>399.8</td>
<td>243.1</td>
</tr>
<tr>
<td>Furniture and consumer goods</td>
<td>372.2</td>
<td>263.0</td>
</tr>
<tr>
<td>Wood and wooden products</td>
<td>240.0</td>
<td>26.2</td>
</tr>
<tr>
<td>Fabrics and textiles</td>
<td>236.7</td>
<td>32.7</td>
</tr>
<tr>
<td>Leather and leather products</td>
<td>10.9</td>
<td>na</td>
</tr>
<tr>
<td>Financial Intermediation</td>
<td>7,861.8</td>
<td>1,096.1</td>
</tr>
<tr>
<td>Trade and repairs</td>
<td>3,398.4</td>
<td>2,507.6</td>
</tr>
<tr>
<td>Construction</td>
<td>1,930.3</td>
<td>1,168.1</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>1,891.7</td>
<td>728.3</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>1,585.3</td>
<td>529.1</td>
</tr>
<tr>
<td>Power, gas and water supply</td>
<td>473.0</td>
<td>1,111.0</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>423.1</td>
<td>187.2</td>
</tr>
<tr>
<td>Real estate and business activities</td>
<td>190.2</td>
<td>220.6</td>
</tr>
<tr>
<td>Quarrying and mining</td>
<td>68.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Agriculture, hunting and forestry</td>
<td>30.1</td>
<td>8.0</td>
</tr>
<tr>
<td>Total value of FDI over 1 mln USD</td>
<td>35,171.0</td>
<td>13,397.0</td>
</tr>
<tr>
<td>Estimated value of FDI below 1 mln USD</td>
<td>3,741.6</td>
<td></td>
</tr>
<tr>
<td>Total FDI in Poland</td>
<td>38,912.6</td>
<td></td>
</tr>
</tbody>
</table>

Prepared by the Research Department of PAIZ, February 2000
APPENDIX

Selected list of Business School in Poland

➢ Warsaw School of Economics (SGH)

➢ EMBA
  - MBA program at Warsaw School of Economics. Introduction, courses, application, contacts.

➢ PACEM
  - Polish-American Center for Economics and Management at the Warsaw School of Economics.

➢ Private School of Business and Administration in Warsaw

➢ Jagellonian Business School, Krakow

➢ Wielkopolska Szkoła Biznesu, Poznan

➢ Academy of Entrepreneurship and Management, Warsaw

➢ Center for Management Training, Warsaw

➢ Department of Business Management, Technical University of Lublin

➢ Faculty of Management and Informatics, Wroclaw Univ. of Economics

➢ First Independent College of Business and Administration, Warsaw

➢ Institute of Management Engineering, Poznan Univ. of Technology

➢ International Postgraduate Management Center, Warsaw

➢ Lublin Business School, Lublin

➢ National Louis University in Nowy Sacz

➢ Polish Open University, Warsaw
University of Finance and Management in Bialystok

ENDNOTES

Chapter II

i The term comes from Brzezinski's latest book under the same title The Grand Chessboard, and symbolize the modern world as a place of political competition - the chessboard with players, pivots, and "pawns."

ii A semantically interesting discussion of the word transition has been made by Adam Przeworski: "The term transition is not very fortunate label to these situations, since it suggests that the outcome is predetermined. Yet I decide to follow common usage in the immense body of literature on transition to democracy." (Przeworski, 1991, p.37).

iii The notion of socialism in terms of the post-war history of Poland (1945 – 1989) would be better understood as a planned economy or as a centrally planned economy.

iv By way of a comparison (Sachs, Saly) the task of Russian reforms has been especially daunting! "There must be no mistaking the vastly more difficult conditions facing Russia's reformers, in scale of the country, historical experience, legacy of the communism, and social and ethnic complexity." (Sachs, 1994, p. 108).

v The system of patronage to senior positions in the bureaucracy of the Soviet Union and some other Communist states, controlled by committees at various levels of the Communist Party.

vi Andrzej Werblan prepared for publication Wladyslaw Gomulka's diary (Pamietniki) published in 1994. Unfortunately, the diary ends at the beginning of the 50's.

vii Agenda 2000 – Summary and conclusions of the opinions of Commission concerning the Applications for Membership to the European Union presented by candidates’ countries.

viii Value Added Tax (VAT). There are three VAT rates: 0%, 7%, 22% depending on a product.

ix As of July 24, 2000 there are 210 companies listed on WSE.
The National Investments Funds were first quoted on 15 July 1996. Released as a tool of Mass Program Privatization are the certificates available to all Poles (above age 18). Further, these certificates can be exchanged for shares in companies selected for the plan. Currently, there are 12 NIF listed on WSE.

For the list of foreign companies investing in Poland please see appendix 3. Also, appendix 4-6 present a data related to this chapter.

"migration brain drain" term was used by the author of the article to describe the emigration of educated people from Poland.

Chapter III

The statement is especially truthful in regard to all the data gathered from communist period in Poland, where the statistics were generally totally unreliable. However, currently in Poland there are at least 4 good sources: GUS, WBP, PAIZ, & IMF.

Present account of advantages is the summary contained in L. Harris' article "Comparative Research Methods."

Chapter IV

President Kennedy used Poland rather openly as the first contact with the People's Republic of China

For example: Edmund S. Muski - Secretary of State; Clement Zablocki - Chairman Committee of Foreign on Relations of the House of Representatives; and Zbigniew Brzezinski - National Security Adviser to President Carter.

It may have begun with the election of the Polish Cardinal, Karol Wojtyla to the Papacy in 1978.

For example my Thesis advisor, Dr. Richard Hunter has taught at the University of Warsaw, the Adam Mickiewicz University in Poznan, and at the Jagiellonian University in Krakow.

Schools of Business Administration in Warsaw, Poznan Schhol of Management are two of the more well known. For selected list of Business Schools in Poland see Appendix.

Polonia describes all Poles(all people with Polish heritages) living abroad.
Although not published as a book the novel was presented for readers in popular Polish literature magazine "Literatura" in 1996/97.

Greenpoint (New York City) and Jackowo (Chicago) are the two biggest areas in the United States with Polish communities. The Polish communities in Greenpoint were especially studied under the research conducted by Leslaw Sadowski.

By "newcomers" I refer to the Poles who emigrated from Poland on the course of the last two decades (1980's).

Over the past few years advertisement campaign of Belvedere or Krolevska vodka has been broadly noticed throughout the United States and 1990's).

Chapter V

It is important to note that throughout the centuries Poland have played an important political and cultural role in this part of Europe. Also, a number of Polish achievements has greatly contributed in the prosperity of the contemporary world.

These statements, although shared by me, and clearly derived from my own research, were inspired by an TV program aired in Polonia TVP on 12th of June, 00.

Just to illustrate how much American culture and values already exist in other countries, let me share one of my observations: Looking at most of manifestations of American domination we mostly see people wearing jeans, and baseball hats - the typical products of American culture.

A good example of a well designed and organized site on Poland is PAIZ, also a good information on Poland can be found on Polish-American Institute in New York.

Worth motioning is the fact that Ukraine has recently new President and installed the first true reformer as Prime Minister.