

Janusz Kaliński (Warsaw School of Economics)

PRIVATISATION IN POLAND AFTER 1989

The author of the article takes up the task of offering the overall assessment of Polish privatisation, looking at the processes of privatisation in the context of their implications for business and for the economy as a whole. For that purpose he refers, among other things, to the different paths of privatisation adopted within the analysed process of privatisation and discusses the role of foreign capital. The author is also interested in the economic efficiency and social consequences of privatisation until 2008.

Keywords: *privatisation, the Balcerowicz Plan, economic efficiency, social consequences of privatisation.*

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At the beginning of the 1990s one of the features of Polish economy was its extreme State-control, characteristic of the communist economic system. Although the most thorough changes in property relationships were made in the first decade of the People's Poland, the particular sign of which was nationalisation of industry and of trade, transport and banking, the climax of State-control was in the 1970s. Organisational concentration of production and trade were conducive to it, and this was connected with further restrictions imposed on small-scale production and handicrafts.

It was only under the influence of economic decline observed from 1979 that the tendency that had been observed for more than thirty years was curbed. The reason was the permission which was coerced on the authorities by the economic situation to allow a limited development of the private sector and this in circumstances of severe shortages on the market of consumer goods. The evidence of the growth of the role of private sector in the centrally planned economy was that in the years 1979–1989 the share of the public sector in the GNP decreased by 6.6% while that produced by private enterprises increased by 26.2%.¹ As a consequence, at the end of the 1980s there was a change in the property structure as to the creation of the GNP, which consisted in a slight decrease of the role of the State sector (cf. Table 1).

Table 1. Property structure in the production of national income in the years 1960, 1970, 1980, and 1989 (in %, current prices)

	1960	1970	1980	1989
Total	100,0	100,0	100,0	100,0
Public sector	72,7	80,6	82,5	80,8
Private sector	27,8	19,4	17,5	19,2

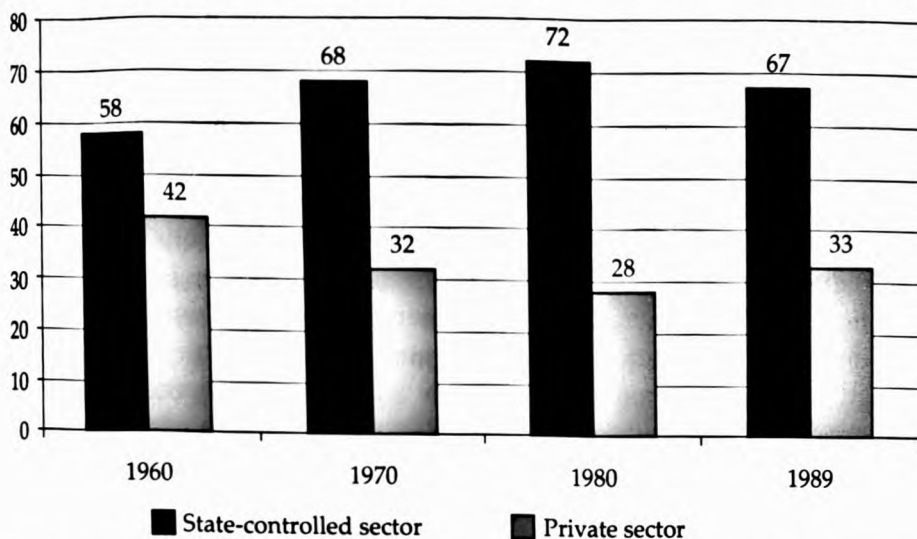
Source: *Rocznik Statystyczny 1961* [Statistical Yearbook 1961], Główny Urząd Statystyczny, Warszawa 1962, p. 59; *Rocznik Statystyczny 1974* [Statistical Yearbook 1974], Główny Urząd Statystyczny, Warszawa 1975, p. 127; *Rocznik Statystyczny 1984* [Statistical Yearbook 1984], Główny Urząd Statystyczny, Warszawa 1985, p. 75; *Rocznik Statystyczny 1990* [Statistical Yearbook 1990], Główny Urząd Statystyczny, Warszawa 1991, p. 118.

This tendency has been confirmed by the analysis of employment, which between 1979 and 1989 decreased slightly despite the stagnation of the economy; however, its marked increase in the private sector was observed. As a result employment in the State-controlled sector returned to the 1960s level.

An extensive State-control of Polish economy after 1944 was the sign of the power of the communist state, which endeavoured to control as wide an area of social life as possible. Nationalisation became a source of ineffective use of human resources and of economic potential and was conducive to monopolisation tendencies in the economy. While in the market economy great role was played by small and medium-sized firms, in Poland companies prevailed which employed over 1,000 workers. In the group of small and medium-sized companies which employed

¹ *Rocznik Statystyczny 1990* [The Statistical Yearbook 1990], GUS, Warszawa 1991, p. 120.

Diagram 1. Property structure of employment in the years 1960, 1970, 1980, and 1989 (in %)



Source: Calculation based on: *Rocznik Statystyczny 1979*, Główny Urząd Statystyczny, Warszawa 1980, p. 45; *Rocznik Statystyczny 1990*, Główny Urząd Statystyczny, Warszawa 1991, p. 93.

up to 500 workers there were only 19%, while e.g. in the Federal Republic of Germany there were 60%. The proof of how large was the scale of monopolisation in Poland is that 28% of companies had a share in the output of 60% to 100% of the whole production of the domestic production.²

Organisational structures, which are the function of dominance of state property, combined with the centralised management system, made impossible the satisfaction of needs of the society as far as consumer goods are concerned. They also made it impossible to take advantage of the society's activity in the sphere of economy. Centrally planned economy was the source of the growing frustration of the Polish society who manifested it in several protests against communist authorities, and the centres of these rebellions were usually state-owned industrial giants.

To prevent another wave of social unrest the authorities started a dialogue with the illegal Solidarity opposition in the spring of 1989. The debates of "the Round Table," a partly free parliamentary election and

² *Zmiany w poziomie koncentracji produkcji przemysłowej w latach 1989–1991* [Changes in the Level of Concentration of Industrial Production in the Years 1989–1991], GUS, Warszawa 1992, p. 16; *Przemiany strukturalne w gospodarce* [Structural Changes in Economy], Akademia Ekonomiczna, Wrocław 1988, pp. 51–58.

nomination of the first non-communist government with Tadeusz Mazowiecki as its premier, marked a political breakthrough. A breakthrough in the sphere of economy was heralded by conceptions of the deputy prime minister and minister of finance Leszek Balcerowicz.³

The main element of political and economic system transformation directed towards market economy was privatisation of the State property. Its legal frame was created by several normative legal acts amidst turbulent political discussions. Initially, the bills on privatisation of state companies and on management of agricultural estates of the State Treasury, and then bills on national investment funds and their privatisation and on commercialisation and privatisation of state enterprises. The bill of 1981 on state companies, which made it possible to liquidate them was also applied.⁴

The above-mentioned legal acts were a foundation of adoption of several paths of privatisation. The capital (indirect) privatisation was preceded by the transformation of the largest and most prosperous state enterprises into one person joint ventures of the State Treasury, i.e. their commercialisation. Next, shares or stocks of independent joint ventures were taken over by investors, mainly the strategic ones. One person joint ventures of the State Treasury also became part of the process of mass privatisation. Small and medium enterprises as well as those in poor financial condition took the liquidation path (direct privatisation). Within its framework state assets were sold, became part of assets of companies or were given to use for which payments were taken. Arable land of the state farms, before privatisation, was included into *Zasób Własności Rolnej Skarbu Państwa* [Agricultural Property Stock of the State Treasury].⁵ Apart from the top down privatisation, there was also

³ Kaliński Janusz, *Transformacja gospodarki polskiej w latach 1989–2008* [Transformation of Polish Economy in the Years 1989–2008], SGH, Warszawa 2008, p. 33 ff.

⁴ *Ustawa z dnia 13 lipca 1990 r. o prywatyzacji przedsiębiorstw państwowych* [The Act of 13 July 1990 on Privatisation of State Companies], DzURP 1990, no 51, item 298; *Ustawa z dnia 19 października 1991 r. o gospodarowaniu nieruchomościami rolnymi Skarbu Państwa oraz o zmianie niektórych ustaw* [The Act on Managing of Agricultural Real Estate of the State Treasury and on Amendment of Some Acts], DzURP 1991, no 107, item 464; *Ustawa z dnia 30 kwietnia 1993 r. o narodowych funduszach inwestycyjnych i ich prywatyzacji* [The Act of 30 April 1993 on National Investment Fund and Their Privatisation], DzURP 1993, no 44, item 202; *Ustawa z dnia 30 sierpnia 1996 o komercjalizacji i prywatyzacji przedsiębiorstw państwowych* [The Act of 30 August on Commercialisation and Privatisation of State Enterprises], DzURP 1996, no 118, item 561; *Ustawa z dnia 25 września 1981 r. o przedsiębiorstwach państwowych* [The Act of 25 September 1981 on State Companies], DzUPRL 1981, no 24, item 122.

⁵ Dobroczyńska Agnieszka, Juchnowicz Leszek, Snopek Sława, *Prywatyzacja kapitałowa w Polsce* [Capital Privatisation in Poland], Wydawnictwo Adam Marszałek, Toruń 1998.

a dynamically growing bottom up privatisation developed by founders and with domestic and foreign capital.

In September 1989, Biuro Pełnomocnika Rządu do spraw Przekształceń Własnościowych [the Bureau of Government Plenipotentiary for Property Transformation] was created which was affiliated with the Ministry of Finance. The Office prepared a privatisation programme and one of its first tasks was to prevent the process of formation of "the nomenklatura joint ventures" which had been growing from the beginning of 1989. Those joint ventures were being established as a result of illegal takeovers of the state assets by persons who were related either with the management boards of state companies or with former authorities and appropriated by a select group.

Then on the strength of the July 1990 Act, privatisation was managed by Ministerstwo Przekształceń Własnościowych [Ministry of Property Transformation]. It was aided by various institutions, including Agencja Własności Rolnej Skarbu Państwa [The Agricultural Property Agency of the State Treasury], which was established in 1992. Its main aim was to manage the land left by the state farms which were being liquidated. From 1996 the issues connected with property transformation were dealt with by the Ministry of State Treasury.

An important event for the process of property transformation was re-establishment, in April 1991, of the Giełda Papierów Wartościowych w Warszawie [Warsaw Stock Exchange]. The first joint ventures whose shares were on the Exchange were industrial and building companies: Tonsil, Próchnik, Krosno, Exbud, Kable, and then Swarzędz, Wólczanka, Żywiec and Wedel. After this modest beginning, in 2008 shares of 374 joint ventures were on the Exchange including 25 foreign ones as well as securities of the State Treasury, share certificates and other securities.⁶ The Exchange made it possible to carry out the process of property transformation through capital.

The pace of privatisation was a function of the political will of authorities and organisational preparations, but first of all, of the interest on the part of the capital. Engagement of the subsequent administrations in property transformations was variable. Generally, more progress could be observed when authorities were derived from the post-Solidarity ranks than the post-communist ones. However, it should be emphasised that the main obstacle to fast privatisation was the shortage of domestic

⁶ *Rocznik Giełdowy 2009* [The Stock Exchange Yearbook 2009], Giełda Papierów Wartościowych, Warszawa 2009, p. 19.

capital. Foreign capital, which at the beginning was abstemious, started to flow in greater amounts from 1992. It was motivated by the size of Polish market, economic growth, low labour costs and reinforcing of market reforms.

In the years 1990–2008 a total value of foreign capital allocated in Poland in the form of direct investment amounted to €114.5 billion.⁷ This capital was involved in new enterprises as well as in privatisation. The dynamics of formation of new companies decisively prevailed over that of takeovers of the existing ones. In the years 2002–2004 the share of greenfield investments grew from 37 to 58% while the share of foreign capital investment in privatisation decreased from 36 to 17% of the total direct foreign investments.⁸

The greatest interest on the part of foreign capital in the privatisation of Polish companies could be seen in 1999–2001. At the apex of this interest the share of foreign capital in the income from privatisation was as high as 82% only to decrease to 9% in 2004. Until that time the total value of the foreign capital engaged in the privatisation of Polish economy was estimated at \$12.6 billion, which was 52% of all the income from privatisation. The dominant role in privatisation of Polish companies was that of firms from Germany (24% share), the USA (16% share), France (13% share) and Holland (10% share).⁹

In the years 1990–2008 in the process of property transformation 5,809 state companies were involved. As a result of commercialisation, 1,697 joint ventures were established, mainly the one-person joint ventures of the State Treasury or the ones which were incorporated into the programme of Narodowe Fundusze Inwestycyjne (NFI) [National Investment Funds].¹⁰ The commercialisation process was very dynamic at the beginning of transformation. It was perceived as a chance for better adaptation of companies to the demands of market economy and a prospect of privatisation. The form of a joint venture was also to be conducive to negotiations with strategic investors. However, in the course of time

⁷ Calculation based on: *Bezpośrednie inwestycje zagraniczne w Polsce wg stanu na koniec 2004 r.* [The Direct Foreign Investments in Poland as of the End of 2004], Ministerstwo Gospodarki i Pracy, Warszawa 2005, p. 15 ff and data of the National Bank of Poland, www.nbp.pl.

⁸ *Raport o przekształceniach własnościowych w 2004 roku* [A Report on Property Transformations in 2004], Ministerstwo Skarbu Państwa, Warszawa 2005, p. 162.

⁹ *ibidem*, pp. 13, 104.

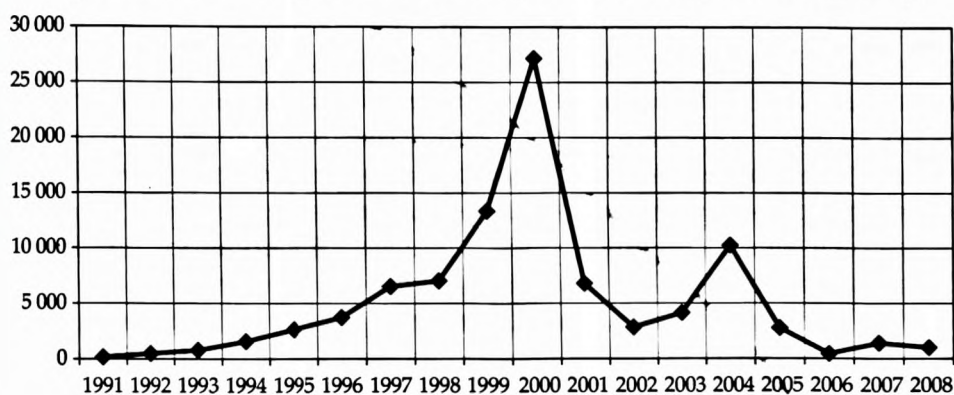
¹⁰ *Dynamika przekształceń własnościowych nr 67, stan na grudzień 2008 roku* [The Dynamics of Property Transformations no 67 as of December 2008], Ministerstwo Skarbu Państwa, Warszawa 2009, p. 11.

it appeared that the period of commercialisation, which was initially assumed to take two years, actually took as many as seven years, thus prolonging the privatisation process.¹¹

The 387 one-person State Treasury joint ventures privatised until 2008 through the use of capital went in 60% to the hands of domestic capital while 35% went to foreign capital and 5% to mixed capital. The buyers obliged themselves to make modernizing investments in the companies they purchased during three to six years. Only in the years 1991–2004 the value of such investments, mainly made by foreign investors, amounted to almost 60 billion zloty. Capital privatisation encompassed mainly industrial processing and building companies. However, one of the greatest transactions was the sale of Telekomunikacja Polska S.A. (Polish Telecom).¹²

Capital privatisation was the fastest in the Mazowsze [Mazovia], Śląsk [Silesia] and Wielkopolska [Greater Poland] provinces. Its progress was the slowest in the peripheral areas, in the Warmia-Mazury [Masuria], Podlasie and Lubuskie [Lubusz] provinces. This indicates great regional differences of the process of transformation of the economic system in Poland.

Diagram 2. Income from privatisation in the years 1991–2008 (in millions of zloty)



Source: Serwis prywatyzacja [privatisation service] [electronic source: www.gov.pl]

¹¹ Jan Czekaj, Witold Włodarczyk, *Charakterystyka metod i przebieg prywatyzacji w Polsce w latach 1990–1997* [Characteristics of Methods and the Course of Privatisation in Poland in 1990–1997], [in:] Noga Adam (Ed.), *Przekształcenia własnościowe w Polsce (1990–1997). Dostosowania do struktur własnościowych Unii Europejskiej* [Property Transformations in Poland (1990–1997). Adaptation to Property Structures of the European Union, Ministerstwo Skarbu, Warszawa 1999, p. 76; *Raport o przekształceniach...* [A Report on Transformation...], p. 10.

¹² *Raport o przekształceniach...* [A Report on Transformations...].

The revenue to the Ministry of State Treasury from capital privatisation was initially low and in the years 1991–1998 it was merely 20 billion zloty. It was visibly larger in 1999 and brought more than 40 billion zloty of budget revenue. In the years that followed, with the exception of 2004, the revenue was distinctly lower (cf. diagram 2), which was an evidence of the slowing of privatisation processes.

The programme of universal privatisation was inaugurated in November 1995 with the sale of shares at the price of 20 zloty to the whole adult population of Poland. The certificates were taken by 25.7 million people, i.e. 95% of those legible. In the years 1997–1998 the certificates were exchanged for the shares of 512 companies, which were grouped in 15 NFIs. In the hands of certificate's owners there were 60% of shares while the other 10% was received by employees of privatised companies and 30% was in the hands of State Treasury. The shares, the owners of which changed often, gave the right to 15 shares of total value of ca. 100 zloty. Until 2008, 60% of companies which took part in the NFI programme were privatised.¹³

In direct privatisation mainly smaller companies took part (most often those which employed up to 249 people) and the financial condition of which was good. The change of the form of property was conducted through offering a company for paid use, bringing a company into a joint venture and sale. By 2008, 2,297 companies were privatised in this way.¹⁴ Particularly attractive was leasing a company's assets to employees' joint ventures, which was motivated by the wish to preserve workplaces. Their rise positively influenced the relations among workers as well as economic results of the companies.¹⁵ Companies which were economically weakest were put up at open auctions. The path of quick sale appeared to be an effective remedy for every fourth such company. Meanwhile there were no buyers for many firms which were burdened with non-productive assets. This led to their collapse and difficult situation of their employees. Territorially, direct privatisation was carried out most often in the Mazovia and Silesia provinces.¹⁶

¹³ Olesiński Zbigniew, *Proces prywatyzacji w Polsce* [The Privatisation Process in Poland], Książka i Wiedza, Warszawa 2000, p. 57; *Dynamika przekształceń...* [Dynamics of Transformations...], p. 114.

¹⁴ *Dynamika przekształceń...* [Dynamics of Transformations...], p. 11.

¹⁵ Gilejko Leszek, *Akcjonariat pracowniczy. Jego rozwój i efektywność* [The Employees' Shareholding/Stockholding], Szkoła Główna Handlowa, Warszawa 1997, p. 44 ff.

¹⁶ *Raport o przekształceniach...* [Report on Transformations...], p. 19.

A different form of privatisation was liquidation of companies which were permanently in a difficult economic situation. Until 2008 the process of liquidation of 1,915 was started, which has been completed in 58% of cases.¹⁷ The time of liquidation was from several months to a dozen or so years and was the evidence of low effectiveness of this form of privatisation. The reason was usually a complicated legal status of the companies being liquidated, which caused difficulties with their sale.

Particularly complicated was the process of privatisation of the state farms. Their arable land, a total of 4.7 million hectares, was made a part of Agricultural Property Stock of the State Treasury. By 2008, 1.9 million hectares of land had been sold, i.e. merely 40% of all the taken over arable land. Also the usually small plots of land were being sold, 7.6 hectares on the average. Initially, the chief reason of slow progress of privatisation was the poor situation in agriculture. Some progress was brought when Polish farmers could use payments from the Common Agricultural Policy of the European Union. The majority of land of *Zasób Własności Rolnej Skarbu Państwa* 7 million hectares, was made a part of *Zasób Własności Rolnej Skarbu Państwa* was leased, mainly in the years 1993–1995. In 2008 the part of land under lease when compared to the total area of arable land which was still at the disposal of *Zasób Własności Rolnej Skarbu Państwa* was 75%.¹⁸

Lack of domestic capital, high cost of credit and of renting offices made it that the driving force of property transformation was the so called small-scale privatisation. It consisted in buying small state or co-operative companies and starting new businesses, chiefly trade ones. Only in the years 1990–1994 more than 800 thousand new firms were established, often with low capital, but they were very active.¹⁹ The increase of the number of private firms was also influenced by the change in the classification of co-operatives. In the centrally planned economy they were a part of the socialised sector, while in the Third Republic of Poland, they were included within the private sector.

The fast increase of the number of small firms was inhibited in the middle of the 90s as a result of saturation of the market with such firms and a growing number of bankruptcies as a result of high taxes,

¹⁷ *ibidem*, p. 30.

¹⁸ *Rocznik Statystyczny Rzeczypospolitej Polskiej 2009* [The Statistical Yearbook of the Republic of Poland 2009], Główny Urząd Statystyczny, Warszawa 2009, p. 726.

¹⁹ *Ocena procesów gospodarczych w 1994 r. na tle lat 1990–1993* [Evaluation of Economic Processes in 1994 against the Background of the Years 1990–1993], Centralny Urząd Planowania, Warszawa 1995, p. 19.

expensive credits and insufficient demand.²⁰ In the second half of the 90s the number of companies owned by natural persons was at the level of about 2 million. At the turn of the 21st century the process of establishing new companies accelerated again. In 2008 the number of natural persons who had their own businesses exceeded 2.8 million. Among the small enterprises the prevailing ones were dealing in trade, building, managing real estate, renting and leasing and offering different services for private businesses.²¹

The progress of privatisation made it that in 2008, 363 state companies were operating which was only 5% of those active at the beginning of the 90s.²² Most of the state companies, particularly coal mines, military equipment factories and Polskie Koleje Państwowe [Polish State Railway] suffered serious financial problems and were nagged by conflicts with their workforce. A conviction was quite commonly shared that there was a need to privatise them quickly. However, resistance was strong, first of all on the part of the employees who feared the loss of workplaces and on the part of some politicians who wanted to retain some strong enclaves of state property. The latter ones made profit from taking part in managing state sector companies.

In the assessment of privatisation attention is paid both to its influence on companies as well as on the economy as a whole. The fact that the turnover profitability rate of private companies after 1994 was constantly positive while losses were registered in the public sector in the years 1998–2000 is an evidence of the positive influence of privatisation on microeconomic scale. Good conditions in the private sector allowed it to maintain good results in the whole sector.²³ The best economic results were those of foreign capital companies and those privatised on the capital path. In 2008 their average net profitability index was 7.4 and 5.9%. They owed their successes to modern technologies and good organisation, production of attractive consumer goods and systematic growth of

²⁰ *Sytuacja społeczno-gospodarcza w 1993 r.* [The Socio-economic Situation in 1993], Centralny Urząd Planowania, Warszawa 1994, p. 63.

²¹ *Zmiany strukturalne grup podmiotów gospodarki narodowej w 2009 roku* [Structural Changes of Group of Subjects of National Economy in 2009], Główny Urząd Statystyczny, Warszawa 2010, pp. 27, 31.

²² *Zmiany strukturalne...* [Structural Changes], p. 30.

²³ *Rocznik Statystyczny Rzeczypospolitej Polskiej 2000* [Statistical Yearbook of the Republic of Poland 2000], Główny Urząd Statystyczny, Warszawa 2000, p. 450; *Rocznik Statystyczny Rzeczypospolitej Polskiej 2009*, [Statistical Yearbook of the Republic of Poland 2009], Główny Urząd Statystyczny, Warszawa 2009, p. 558.

export. The situation of companies which participated in NFI was worse since the same index in their case was only 2%.²⁴

The main transformation began in the banking sector, which until 1989 was characterized by the far-reaching nationalisation and centralisation. The status of the Narodowy Bank Polski [The Polish National Bank] as a state bank, emission bank and bank of banks has remained the same. However, nine largest regional divisions were separated from it and they formed a network of state banks of a universal character. Also it was permitted to establish public banks with a mixed public-private capital as well as private ones including those with foreign capital.²⁵

In 1991 new state banks were transformed into joint ventures owned by the State Treasury and preparations were undertaken for their privatisation. The following banks were privatised and went to Stock Exchange: Wielkopolski Bank Kredytowy S.A., Bank Przemysłowo-Handlowy S.A. and Bank Rozwoju Eksportu S.A. In the years to follow Bank Pekao S.A. was purchased by the Italian capital, Bank Zachodni S.A. was bought by the Irish capital, while Bank Handlowy in Warsaw S.A. by the American capital. The largest privatisation transaction in banking was the public offer of Bank PKO BP S.A. in 2004. As a consequence of changes in the bank system the share of private sector in its assets reached 83%. Activities of foreign capital in the Polish banking sector brought its share in the assets to 72%.²⁶

Expansion of the large-scale and small-scale capital, including foreign one, brought about important changes in the property structure of the economy. First of all, the percentage of those employed in the private sector increased when compared with the total number of employees from 46% in 1989 to more than 74% in 2008 (see diagram 3).

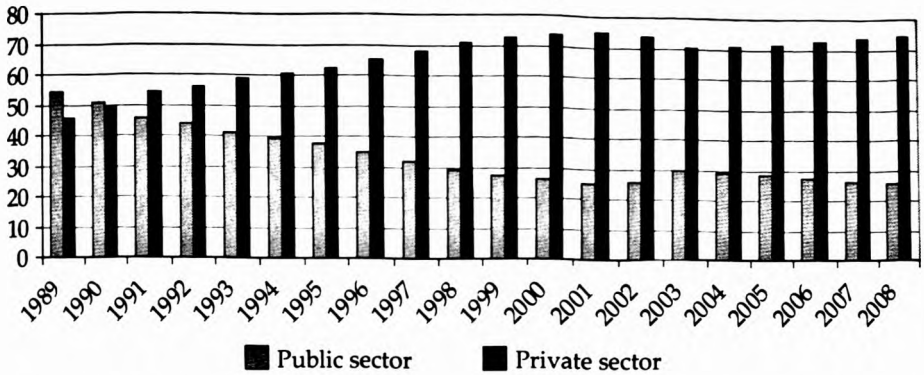
Progress of privatisation made it that as early as 1993 the share of the private sector in the generation of GNP exceeded 50% while in 1990 it was less than one third. In 2008 the private sector's share in the generation of GNP was 67%. At that time as many as 99% of companies, mainly small ones, were in private hands. The greatest role of private sector was in

²⁴ *Rocznik Statystyczny Rzeczypospolitej Polskiej 2009...* [Statistical Yearbook of the Republic of Poland 2009], p. 727.

²⁵ Pietrzak Bogusław, Polański Zbigniew (Eds), *System finansowy w Polsce. Lata dziewięćdziesiąte* [The Financial System in Poland. The 1990s], Wydawnictwo Naukowe PWN, Warszawa 1997, p. 59.

²⁶ *Rozwój sektora finansowego w 2008 roku*, Narodowy Bank Polski, Warszawa 2009, p. 95.

Diagram 3. Employment structure according to kind of property in Poland in the years 1989–2008* (in %)



*In 2002 the method of calculation of the number of employees who worked in private sector was changed by the Główny Urząd Statystyczny, which formally caused a decrease of its share in the total number of employees.

Source: *The Social and Economic Transformation in Poland*, Rządowe Centrum Studiów Strategicznych, Warsaw 2003, p. 24; *Rocznik Statystyczny Rzeczypospolitej Polskiej 2005*, Główny Urząd Statystyczny, Warszawa 2005, p. 234; *Pracujący w gospodarce narodowej w 2008 roku* [The Employees in the National Economy], Główny Urząd Statystyczny, Warszawa 2009, p. 16.

retail trade (99% of retail sales), in construction (99% of production sold) and in agriculture (89% of arable land), while in industry it was smaller (84% of production sold) and in transportation (81% of the income).²⁷ The private sector significantly increased its share in exports from 57% in 1995 to 83% in 2008, but also in imports from 70 to 85%, respectively.²⁸ This was evidence of the growing competitiveness of Polish economy, and also of the absorption of modern foreign technologies, mainly by companies which belonged to foreign capital.

Information on the scale of the private sector is incomplete when we consider a significant increase of the so called “gray area.” These activities assumed the forms of unlicensed or legal activity, which, however, did not give the real number of employees or actual income. The magnitude of “the gray area” economy was increasing at the time of bust and decreased at the time of boom. The 2004 estimates showed that 1.3 million people were working in this part of economy, among whom there were many thousands of foreigners. “The gray area” economy increased

²⁷ *Rocznik Statystyczny Rzeczypospolitej Polskiej 2009...* [The Statistical Yearbook of the Republic of Poland 2009], pp. 474, 507, 522, 533, 548, 696, 728.

²⁸ *Rocznik Statystyczny Rzeczypospolitej Polskiej 2005* [The Statistical Yearbook of the Republic of Poland 2005], Główny Urząd Statystyczny, Warszawa 2005, p. 545.

the GNP by about 14%, but at the same time deprived the budget of the revenue of 20 to 30 billion zloty.²⁹

To assess privatisation in Poland it is worth comparing it with other countries which also transformed their economies. Similar privatisation paths were those of the Czech Republic and Hungary, and it should be added that in the Czech Republic universal privatisation was at the fore while in Hungary, like in Poland, it was capital privatisation. Poland's southern neighbours started their mass privatisation ("kuponovka") in 1991. It included 1,849 companies, which accumulated 12% of the assets of the state sector. Every citizen had a right to a part of their assets under the condition that they would buy coupons of \$35 value. A privatised company had at first been controlled by state banks and only after the financial crisis of the end of the 90s were they actually privatised. In Hungary, where privatisation had been started as early as the last years of the communist rule, after the political and economic transformation, changes in property relations were slow. Only after 1994 was privatisation distinctly accelerated, particularly in the energy producing and infrastructure companies as well as in banks. In Hungarian privatisation the share of foreign investors was characteristically high. Small-scale privatisation was carried out in both countries quite efficiently.³⁰

According to the estimate of the European Bank for Reconstruction and Development (EBRD) after 19 years since the transformation had begun, the share of the private sector in the creation of the GNP in the Czech Republic and in Hungary was 80% while in Poland 75%. The Bank equally assessed the progress of small-scale privatisation in the countries in question while it placed the Czech Republic and Hungary before when achievements in the field of large-scale privatisation are concerned. Poland also gave way to these two countries in the field of privatisation of banks. In Poland the share of private banking was 83% while it was 97% in the Czech Republic and 96% in Hungary.³¹

²⁹ Czuryło Paweł, *W szarej strefie pracuje co dziesiąty Polak* [Every Tenth Pole Works in Grey Economy], <http://praca.money.pl/wiadomosci/artukul/w;szarej;strefie;pracuje;co;dziesiaty;polak,253,0,260093.html> (access: 12.08.2008).

³⁰ Chordecki Andrzej, *Podstawy prawne, instytucje i ścieżki (procedury) prywatyzacyjne w krajach tworzących gospodarkę rynkową* [Legal Foundations, Institutions and Privatisation Paths (Procedures) in Countries Introducing Market Economy], w: *Przekształcenia własnościowe w Polsce...* [Property Transformations in Poland...], p. 51 ff; Jarosz Maria, Kozarzewski Piotr, *Sukcesy i klęski prywatyzacji w krajach postkomunistycznych* [Successes and Failures of Privatisation in the Post-Communist Countries], Polska Akademia Nauk, Warszawa 2002, pp. 32, 36; Olesiński Zbigniew, *Proces...*, p. 180.

³¹ EBRD. *Structural and Institutional Indicators*, www.ebrd.com (access: 24.05.2008).

The process of privatisation caused the disappearance from Polish economy of most of mammoth state companies, which were so characteristic of the centrally planned economy. Large foundries, machine, car, electronic and electrotechnical industry companies were now in private hands, but most of all light and food processing industries were privatised. Also banking, telephone operators, car transport and services were privatised. The result was demonopolisation, and first of all improvement of effectiveness and competitiveness of Polish economy. However, there were also negative phenomena, chiefly in the social sphere. Commonly, during transformation privatisation was considered to be the cause of unemployment and lack of the safety of employment. Also numerous cases of abuse and embezzlement in the process of taking over state assets were quoted.

Due to this, opinions on privatisation were significantly different. The society was visibly divided as it judged privatisation according to their subjective feelings. Also among researchers different opinions can be encountered, the evidence of which are two examples. Maciej Bałtowski and Maciej Miszewski, while emphasising the dominance of the indirect and direct privatisation, assessed it positively, especially when compared with the neighbouring countries.³² Tadeusz Kowalik, whose attitude to the forms and scope of privatisation is critical, particularly negatively assessed the great role of foreign capital, especially of the banking sector.³³ Disputes over privatisation, and actually over the economic system, have not been specific of Poland, they have occurred in all the countries which undertook political and economic transformation.

Translated by
Małgorzata Pietrzak

Janusz Kaliński – professor, Chair of Economic and Social History of the Warsaw School of Economics. Interests: the recent economic history of Poland and economic history of the 19th and 20th centuries. He has authored *Historia gospodarcza XIX i XX wieku* [Economic History of the 19th and 20th centuries] (Warsaw 2008); *Transformacja gospodarki polskiej w latach 1989–2004* [Transformation of Polish economy 1989–2004] (Warsaw 2009).

³² Bałtowski Maciej, Miszewski Maciej, *Transformacja gospodarcza w Polsce* [Economic Transformation in Poland], Wydawnictwo Naukowe PWN, Warszawa 2006, pp. 231–233.

³³ Kowalik Tadeusz, *www.polskatransformacja.pl*, Muza, Warszawa 2009, p. 182.