

# STRATEGY FOR RESPONSIBLE DEVELOPMENT AS AN ATTEMPT TO RESPOND TO THE MOST IMPORTANT POLISH MODERN CHALLENGES OF MANAGEMENT OF DEVELOPMENT

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## 1. Introduction

Poland is a country with rich traditions related to the implementation by the public authorities, of various economic strategies and plans, among which specific attention needs to be paid to the Three-Year Economic Recovery Plan (prepared by the Central Planning Office), carried out with a great success (1947-1949)<sup>1</sup>.

Unfortunately, the period of socialist economy taking place later for several dozen years (the essence of which boiled down to the duplication of economic and organizational patterns functioning in the Soviet Union) led to discrediting and denying the long-term period of implementing any idea of economic planning. The fictional idea of methodological and tool oriented efficiency of a central planner as a rational and efficient manager of economic resources became, after all, in practice one of the main causes of the weaknesses of the socialist economy and, as a result, was a significant contribution to its ultimate collapse<sup>2</sup>.

Consequently, Poland's entry, after 1989, in the path of building a market economy brought a contestation of the ideas or implementation of mechanisms for planning the economic development or taking attempts of interventionist actions by the state towards the economy on a larger scale.

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<sup>1</sup> These issues are discussed mainly by J. Kaliński in his paper titled: Plan odbudowy gospodarczej (Economic recovery plan): 1947-1949, Wydawnictwo „Książka i Wiedza”. Warsaw 1977, p. 13 et seq.

<sup>2</sup> For more details see e.g. M. Bałtowski, Gospodarka socjalistyczna w Polsce: geneza - rozwój-upadek (The socialist economy in Poland: Genesis-development-fall). Wydawnictwo Naukowe PWN, Warsaw 2009, p. 390, et seq.

Although in the public discussion and activities of their respective governments the term "plan" was used (such as the one promoted by Leszek Balcerowicz, "Balcerowicz's Plan" just like by Jerzy Hausner "Hausner's Plan") or "strategy" (e.g. "Strategy for Poland" prepared by Grzegorz Kołodko)<sup>3</sup>, generally this was accompanied by the faith in "natural" power of the free market or questioning the suitability of any industrial or interventionist policy and acknowledging that, in practice, in today's world such patterns of development did not prove to be a good choice. The economic policy of the various Polish governments in Poland formed on the basis of the theoretical approach clearly contrasted not only with the aforementioned traditions of the home economic planning, but also with the methods of affecting the economy adopted by the authorities of the countries known as examples of economic success reference – both Western European countries (e.g. France)<sup>4</sup> and Asian countries (this applies in particular to South Korea)<sup>5</sup>.

It should be added that the increasingly common denying of the neoliberal paradigm (largely based on the concept of the so-called Washington consensus)<sup>6</sup> is the consequence of the current economic crisis. In this regard, there are a lot of arguments showing that there is a return to the previously abandoned concepts of the impact of public authorities on the economic processes, such as introducing various economic regulations or entering in the sphere of economic ownership by the State, in a bolder than ever way.

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<sup>3</sup> For more details in particular refer to G. W. Kołodko, *Strategia dla Polski* (Strategy for the Polish) (ed. in terms of contents and editorial concept Teresa Grabczyńska-Drecka, Iwona Kaczmarska). Wydawnictwo Poltext. Warsaw 1994.

<sup>4</sup> Compare e.g. C. Kosikowski, *Problemy prawne planowania i zarządzania gospodarką narodową i finansami publicznymi we Francji powojennej* (Legal problems of planning and management of the economy and public finances in France postwar). *Universitatis Lodzianis Iuridica* Film. Volume 2. Uniwersytet Łódzki. Łódź 1981, p. 15 et seq.; G. R. Denton; M. Greensmith Forsyth; M. C. MacLennan, *Economic planning and policies in Britain, France, and Germany* New York: Praeger, 1968.

<sup>5</sup> For more detail see such papers as for example: L. L. Wade, B. S. Kim, *Economic development of South Korea: the political economy of success* New York: Praeger, 1978; A. Lipowski, J. Kulig, *Państwo czy rynek?: wokół źródeł "cudu gospodarczego"* (State whether the market?: around „economic miracle”) w Korei Południowej, Wydawnictwo Poltext. Warsaw 1992 or M. Kightley, *Polityka i reformy Park Chung Hee jako źródło gospodarczego skoku Korei Południowej*. Szkoła Główna Handlowa. Warsaw 2013.

<sup>6</sup> This is in no way an international paper but presented by the economist John Williamson and a package of recommendations for governments repairing their economies recommended by the U.S. authorities which then become a canon of the economic policy of the World Bank and the International Monetary Fund.

But above all the economic order formed after 1989 did not succeed in bridging the civilization gap that divided Eastern and Central European countries from the most developed western countries. Since the Eastern European dynamics of economic growth proved to be too weak to break away for good from the civilization backwardness and occupying a peripheral position in relation to the centre of contemporary capitalism, it now seems necessary to search for programmes and strategies aimed at achieving the ambitious objectives of this type<sup>7</sup>.

## **2. Diagnosis of the Polish economy and the basic development challenges it faces**

Some economists stress that although in the past two decades the economic growth caused the stimulation of convergence processes, it is not possible, at the same time, to observe a similar phenomenon in the sphere of social development<sup>8</sup>. The capital, organizational and technological advantages of the western countries have proved to be too great to bridge the existing (for centuries in fact) differences only by using such instruments as opening up markets, admitting foreign investors or using the European funds (to cover the cost of the various types of modernization programmes or investment projects). Additionally, the relatively superficial nature of the modernization made after 1989, fading sources of its drive as well as the existence of numerous areas of only a partial success or even stagnation are pointed out. This corresponds to insufficient (to overcome a great civilization backwardness) transmission channels of technological and institutional innovation to Poland (e.g. in the form of foreign companies operating in Poland or pressure from the European Union to adapt national solutions to its requirements). In addition, this transmission was poorly supported by research and development actions; it encountered

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<sup>7</sup> The term "centre" and "peripheral" were introduced to social sciences by I. Wallerstein in mid 1970's. as cited in: J. Kochanowicz, 2012, *Peryferie i centrum: gdzie będzie Polska w roku 2050?* (Suburbs and the City Center: where will the Poland in the year 2050?), w: *Wizja przyszłości Polski – Studia i analizy*, academic edition: B. Galwas, L. Kuźnicki, PAN Komitet Prognoz „Polska 2000 Plus”, t. III – Ekspertyzy, Warsaw 2012, p. 54.

<sup>8</sup> As indicated by J. Kleer the economic growth was not automatically reflected in the civilisation progress, because although they have many points of contact, they are governed by different mechanisms and their consequences are divergent. Ibid. Raport „Polska 2050”, available at: <http://www.pte.pl/pliki/2/1/J%20Kleer.pdf>

barriers in the form of absence of appropriate organization or cooperation capacity<sup>9</sup>.

Undoubtedly, the increasing long-standing civilization gap will also be fostered by new trends, which substantially change companies, the world economy and societies following the new paradigm of development that is made conditional on contemporary scientific and technical progress and on the decisive role of information, knowledge and qualifications<sup>10</sup>.

The societies' dissatisfaction with the politics pursued so far (not only in Poland but also recently in the USA or previously in Hungary) contributed to giving away the power (through the electoral verdict) to the hands of politicians who declare to have broken up with the model of economic development carried out over the last decades.

A visible demonstration of these trends and an attempt to respond to the modern development challenges is the preparation of the Strategy for Responsible Development (more commonly known as "Morawiecki's Plan") within the Ministry of Development as a body in charge of designing the development strategy of the State (managed since autumn 2015 by Mateusz Morawiecki, Deputy Prime Minister and Minister of Development). This plan was set up after the Law and Justice party won the election and took over the power. In the summer of 2016 the party's assumptions were publicly presented for social consultations as an official government programme being a long-term perspective on the conditions of and prospects for the economic development of Poland, which is quite rare in the Polish reality<sup>11</sup>.

Some analysts notice the impact of the modified endogenous growth theory (now gaining importance) on the authors of the "Strategy", whose supporters regard active economic policy of the government in the form of interventionism organized by the State and thus established institutions as the key elements of the economic development<sup>12</sup>. Most probably, this opinion results from the fact that a large part of the document in question is devoted to the increased level of economic interference by the State and the role of state enterprises. At the same time, the shift in the economic

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<sup>9</sup> J. Kochanowicz, *Peryferie i centrum...*, p. 5.

<sup>10</sup> It is brought up by A. and H. Toffler, *Budowa nowej cywilizacji. Polityka trzeciej fali* (Construction of a new civilization. Policy the third wave), Poznań, 1996, p. 37 et seq.

<sup>11</sup> The Plan (hereinafter referred to as: SROR) is available on the website at: [https://www.mr.gov.pl/media/23749/SOR\\_29072016\\_projekt.pdf](https://www.mr.gov.pl/media/23749/SOR_29072016_projekt.pdf)

<sup>12</sup> J. Jankowiak, *Niestabilna rządowa drabina do nieba, dziennik* (Unstable government ladder to heaven, ) „Rzeczpospolita” of 12 August 2016.

policy is to consist in the involvement of the State in determining the directions of the development and broadening its existing functions (i.e. the regulatory and redistribution ones).

While assessing the condition of the Polish economy, the SROR authors draw attention to achieving absolute progress in the scope of economic development in the transformation period, and to the benefits resulting from opening up the economy and bringing it closer to western and world markets. Their analysis of the increasing integration of domestic companies with these markets also noted an increased (in comparison to other Central European EU States) convergence process in relation to the average EU economic development level (measured by the per capita GDP levels). As a result, since Poland's accession to the European Union, the distance between our country and the aforementioned indicator has decreased by 20 points. Although, the assessment of past Polish successes should consider positive consequences of a dozen years' worth of use of EU aid funds<sup>13</sup>, at the same time, attention has been drawn to the decreasing convergence rate. It takes place in connection with highly developed countries, and simultaneously, within the country, this phenomenon is accompanied by an increase in social, economic, and territorial disparities. As was raised, previously among the so-called "catching-up" states instances of convergence stoppage have been found, and these kinds of development traps has been experienced by most peripheral states in Europe<sup>14</sup>. Attention has also been drawn to the fact that the development of

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<sup>13</sup> In the opinion of economists this is a temporary factor, and after 2020 it is highly likely to gradually expire. Therefore, it is fundamental to fully identify the barriers for optimum use of existing own potential, accurate identification of the basis of these barriers, as well as possibilities and tools for their elimination, and at least a significant reduction. See E. Mączyńska, *Gospodarka inkluzyjna*, p. 6, [https://www.bgk.pl/files/public/Pliki/news/Konferencje\\_BGK/XII\\_Konferencja\\_BGK\\_dla\\_JST/Materialy\\_konferencyjne/Elzbieta\\_Maczyńska\\_Gospodarka\\_inkluzywna\\_-\\_wymiar\\_samorządowy.pdf](https://www.bgk.pl/files/public/Pliki/news/Konferencje_BGK/XII_Konferencja_BGK_dla_JST/Materialy_konferencyjne/Elzbieta_Maczyńska_Gospodarka_inkluzywna_-_wymiar_samorządowy.pdf)

<sup>14</sup> Despite the implementation of the cohesion policy since the 1980s (and before that, a common regional policy), the socio-economic development in the European Union is characterized by a spatial polarization and a lack of reduction of the degree of regional differences between Member States. See W. M. Gaczek, *Obszary metropolitarne jako bieguny wzrostu (Metropolitan areas as growth poles)*, in: *Rola obszarów metropolitalnych w polityce regionalnej i rozwoju regionalnym (The role of metropolitan areas in regional policy and regional development)*, ed.sci. Wojciech Kisiała i Bartosz Stepiński, Uniwersytet Ekonomiczny w Poznaniu. Poznań 2013, p. 22 et seq. See: at the same time, research shows that convergence appears earlier in better developed countries, *Etapy konwergencji w rozwiniętych krajach Unii Europejskiej (Stages of convergence in the developed countries of*

adverse tendencies of this type may impede Poland (the seventh poorest Member State) from actually reaching the average EU standard of living. Of course, the aforementioned difficulties shall hinder the fulfillment of the growing needs of Polish society – connected with both its aspirations and ongoing demographic processes (i.e. the aging process)<sup>15</sup>.

The SROR authors also pointed out the meaning of domestic companies participating in cooperation chains of western companies, or the positive effects related to successful use of production niches by domestic entrepreneurs<sup>16</sup>. What was also stressed was the crucial role of foreign capital inflow in the Polish economic success achieved in recent years (including especially in the increase of the export directed to western markets). Furthermore, it was noted with satisfaction that Polish entrepreneurs successfully integrated themselves in the global trend of generating continuously more revenue from an increase in the share of individual states in international trade<sup>17</sup>.

At the same time however, the "Strategy" authors noticed a risk of occurrence of a number of hazards for Polish entrepreneurs, resulting in particular from an increasingly stronger degree of integration with the economies of EU Member States. In their opinion these include first and foremost the Euro zone crisis, the decreasing economic growth dynamics of Member States (which also occurs in the USA and China), and problems with implementing a common energy-climate policy. With regard to other challenges related to globalization, they include increasing competition from the dynamically developing emerging economies (mainly China), the development of an electronic economy, or the anticipated agreement between the EU and the USA (TTIP). Also noticeable are challenges connected with growing international expectations with regard to undertaking activities aimed at countering and adapting to climate changes,

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the European Union, red.sci. Małgorzata Kokocińska; Poznań University of Economics.Poznań 2012, p. 112 et seq.

<sup>15</sup> SROR, p. 7 et seq.

<sup>16</sup> For more information refer to i. a. M. Lucke, Wzrost eksportu towarów przetworzonych z Europy Środkowej do UE.Rola współpracy między sprzedawcą a nabywcą (The increase in the export of processed goods from Central Europe into the EU. The role of cooperation between the seller and the buyer), (in:) T.Kołodziej (ed.), Polskie przedsiębiorstwa w perspektywie członkostwa w Unii Europejskiej (Polish enterprises in the perspective of membership in the European Union), Państwowe Wydawnictwo Ekonomiczne, Warszawa 1999, p. 70 et seq. and K. Jasiński, Elita biznesu w Polsce. Drugie narodziny kapitalizmu (Elite business in Poland. The second birth of capitalism), Wydawnictwo Instytutu Filozofii Polskiej Akademii Nauk, Warszawa 2002, p. 232 et seq.

<sup>17</sup> SROR, p. 7 et seq.

which are supposed to be particularly burdensome for the Polish economy, due to the presence therein of a combination of various kinds of energy production and consumption<sup>18</sup>.

On the other hand, positive hopes are connected with the "Europe 2020" strategy adopted in 2010<sup>19</sup> as an initiative that may potentially constitute both an answer to the aforementioned problems, and a possible version of a social market economy of the 21<sup>st</sup> century<sup>20</sup>, which is supposed to simultaneously include a stable economic growth and provide a high level of employment, productivity and social cohesion.

Moreover, the SROR indicates a greater resistance of the Polish economy to external shocks (possible Brexit), due to the smaller budget deficit, larger foreign currency reserves and their more favorable relation to the short-term foreign debt, or almost a complete leveling. Consequently, the presence of stable macroeconomic foundations is supposed to constitute a basis for reporting moderately optimistic forecasts with regard to the future development of the economic situation<sup>21</sup>.

It is similar to the perception of the positives resulting from a diversified sectoral structure of the Polish industry, which is supposed to benefit its resilience to external crisis shocks. This may also be a useful base for the progress of re-industrialization of Poland (i.e. increasing the share of industry in our national income), as well as to increase the degree of innovation of Polish companies. At the same time however, the Ministry

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<sup>18</sup> *Ibid.*, p. 14.

<sup>19</sup> For more information visit relevant websites of the European Commission: [http://ec.europa.eu/europe2020/index\\_pl.htm](http://ec.europa.eu/europe2020/index_pl.htm) and <http://eur-lex.europa.eu/LexUriServ.do?uri=COM:2010:2020:FIN:PL:PDF>

<sup>20</sup> Undoubtedly interesting examples of creating this type socio-economic models currently may be supplied by Nordic states. For more information refer to e.g. M. Castells, P. Himanen (tr.M. Ł Penkala, M. Sutowski; introduction E. Bendyk). *Spółczesność informacyjna i państwo dobrobytu: model fiński* (Information society and the welfare state: the Finnish model); Wydawnictwo Krytyki Politycznej, Warszawa 2009, p. 95 et seq. or W. Nowiak, *Nordycki model "welfare state" w realiach XXI wieku: dylematy wyboru i ewolucja systemu w społeczeństwach dobrobytu – wnioski praktyczne* (The Nordic model welfare state in the realities of the 21st century: dilemmas of choice and the evolution of the system in the societies of prosperity-practical applications), Wydawnictwo Naukowe Wydziału Dziennikarstwa i Nauk Politycznych Uniwersytetu im. Adama Mickiewicza, Poznań 2011, p. 101 et seq. It has to be emphasized that not only economic or currency integration, but also social policy, are an increasingly more visible element of EU decision-making competences. See especially K. M. Anderson, *Social policy in the European Union*, Palgrave Macmillan, London – New York, 2015.

<sup>21</sup> SROR, p. 15.

of Development points out the lack of long-term strategies for adjustments to the economic conditions in certain sectors of the economy<sup>22</sup>.

The most important development challenges include above all, maintaining a properly high degree of competitiveness of the Polish economy, which would not be based (as it has been so far) on low wages and a Polish currency (PLN) exchange rate favorable for exporters, but on production of modern goods and provision of innovative services. Undoubtedly, an extremely important problem is the perception of Poland (both domestically and abroad) as a perpetually delayed organizational and technological imitator, as well as an "assembly line state" trying to close the civilization gap by using EU funds, or integrating itself into the aforementioned cooperation chains of western companies. This corresponds with an apt observation of one of the economists that "two-thirds of Polish export is created by companies with foreign capital, but only 5% thereof is innovative". The reason is that, in practice, foreign companies place in Poland the production of goods from the maturity lifecycle stage, and are supposed to be more inclined towards behaviors aiming more at using the wealth already in place, rather than create new wealth<sup>23</sup>. An example of this thesis may be the fact that in 2013 foreign ownership corresponded to only 21.8 % of fixed asset investments, with a 50% share in the domestic industry production and a dominant (65%) share in the banking sector, which corresponds to the indication to transferring huge profits outside Poland by foreign companies<sup>24</sup>. Therefore, in the future, foreign capital should not be perceived as before, as a basic lever for our economic development and increased competitiveness, whereas the leading role

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<sup>22</sup> *Ibid.*, p. 41 et seq.

<sup>23</sup> S. R. Domański, Zmieńmy cel NBP na wzór Fedu (Let's change the goal of NBP on the model of Fedu), dziennik „Rzeczpospolita” of 6 September, 2016.

<sup>24</sup> Polish export is characterized by a low return of sustained investment outlays, which results from the place occupied in an international chain of creating added value: the production, which is located between the conceptual-research phase, and sales and marketing. Such a situation may solidify the dependent economic growth resulting from the willingness of companies with foreign capital to continue production in Poland, which could be relatively easy and cheap to be moved e.g. to places with lower labour costs. Additional information, see M. Boni, T. Geodecki, J. Hausner, A. Majchrowska, K. Marczewski, M. Piątkowski, M. Starczewska-Krzysztożek, G. Tchorek, J. Tomkiewicz, M. A. Weresa. *Konkurencyjna Polska: jak awansować w światowej lidze gospodarczej?* (Competitive Poland: how to move up in the world economic League?): rekomendacje, Fundacja Gospodarki i Administracji Publicznej, Uniwersytet Ekonomiczny w Krakowie, Kraków 2014.



should be played by creating a condition of appropriate balance between domestic and foreign companies<sup>25</sup>.

Another important developmental challenge are problems connected with the uneven territorial development, which is both determined by history, and is a consequence of transformation processes. Furthermore, the process of closing the development gap between Polish voivodships (provinces) and the average EU standard of living, ongoing for the dozen or so years, was mostly the share of more developed voivodships. This corresponds with the existence of a poorly developed and depreciated technical infrastructure and low access to basic public services, which was not counteracted despite access to substantial (financed mainly from EU funds) infrastructural investments within many rural areas, as well as small and medium towns. In consequence, despite the country-wide economic growth recorded in the last ten years, disproportions were increasing, both between regions and within voivodships, with the disproportions in development additionally being intensified by depopulation processes connected with low birth rates and emigration<sup>26</sup>.

Apart from unfavorable demographic trends, in socio-economic issues under SROR is devoted to an analysis of the existing situation on the labor market. The most important problems noticed here are first of all the unused labor resources (including especially among people in danger of social exclusion and long-term unemployment), as well as segmentation (uneven access to stable forms of employment), low job market flexibility and economically dependent and fictitious self-employment. The presence of this type of phenomena is to require an active policy on the part of the state, which should foster increasing the professional activity rate of the Polish people<sup>27</sup>.

### **3. Primary assumptions of the "Morawiecki Plan"**

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<sup>25</sup> For more information refer to SROR p. 12 et seq.

<sup>26</sup> For more information refer to *ibid.*, p. 101 et seq.

<sup>27</sup> For more information refer to *ibid.*, p. 92 et seq. and in particular a critical analysis of the European Commission National Report – Polska 2015 r. (COM (2015) 85 final Dokument roboczy służb Komisji SWD (2015) 40 fina, Komisja Europejska, Bruksela, 26.2.2015 r., pp. 20-25. This opinion was sustained in the final report of the European Commission: COUNCIL RECOMMENDATION of 14 July 2015 on the 2015 National Reform Programme of Poland and delivering a Council opinion on the 2015 Convergence Programme of Poland (2015/C 272/24). Necessary labour market reforms see e.g. E. Kryńska, Z. Wiśniewski, Trzynaście tez w sprawie reformy polityki państwa na rynku pracy w Polsce, *Polityka Społeczna* R. 34, nr. 9 (2007), p. 1 et seq.

The main declared objective of the Responsible Development Strategy is to create conditions for a growth of prosperity and standard of living of Poles, with a simultaneous endeavor to improve the level of social, economic and territorial coherence.

The implementation of this ambitious plan is to be based on distinguishing the basic five pillars of development, which, in the opinion of the authors of the discussed strategy, are: re-industrialization, supporting innovation development, foreign expansion, creating capital for development as well territorial and social development.

Particularly important role seems to be played by a declaration concerning the need for Poland to conduct industrial policy, which shall implement an intelligent (i.e. giving an impulse for the development of modern sectors of the economy) industrialization. The reason is that SROR is based on the assumption that under the conditions of a system transformation and the need to adjust to the requirements created by international markets, the basis for economic policy should be especially the pursuit of improvements in the domestic production competitiveness<sup>28</sup>.

The activities declared under the designed economic and industrial policy are mainly supporting the changes of the economic order, or efforts aimed at increasing the specialization of the Polish economy and strengthening the existing competitive advantages, or creating new ones. Also mentioned is the need to support and grant aid to restructured industries and companies, however such support is to be dependent on implementing pro-efficiency restructuring and repair programmes<sup>29</sup>.

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<sup>28</sup> For more information refer to SROR, p. 38 et seq.

<sup>29</sup> For more information refer to *ibid.*, p. 38 et seq. It should be stressed that economic literature often questions the thesis on the efficiency of the protectionist, active industrial policy and stopping the erosion of the market position of individual companies because of government action. The reason is that such activities may entail a risk of formation i.e. idle losses – by a specific "relieving" companies in their activities, which would still be undertaken thereby without public engagement or the undertaking of actions diminishing the capacity of domestic industry for economic and technological convergence with global leaders (so-called protectionism trap). Doubts about conducting industrial policy see more information

M. Bukowski, *Blaski i cienie Strategii Odpowiedzialnego Rozwoju (Lights and shadows Responsible Strategy Development)*. Instytut Obywatelski. Analysis no. 2016/11 [http://www.institutobywatelski.pl/wp-content/uploads/2016/10/analiza\\_bukowski.pdf](http://www.institutobywatelski.pl/wp-content/uploads/2016/10/analiza_bukowski.pdf) and e.g. A. Lipowski, *Polityka przemysłowa a wzrost konkurencyjności. Doświadczenia azjatyckich tygrysów i wnioski dla Polski (Industrial policy and competitiveness. The experience of Asian Tigers and applications for Polish)*, Fundacja Edukacyjna Przedsiębiorczości. Warszawa 1997, p. 21 et seq.

The desired effect of undertaking such activities should be causing a pro-export change in the branch structure of Polish industry towards an increase in significance of modern production, which may be promising with regard to acquiring shares in global markets, due to promoting products branded as an export "hit"<sup>30</sup>. Therefore, it is necessary for the Polish economy and industry to find sectors, products or companies, which, in a relatively short time frame, have an actual chance to achieve international competitiveness and may potentially become the driving force of the Polish economy. Simultaneously, it is important to note that, due to the possibility of inaccurately determining the opportunity of a specific branch in EU Member States, horizontal policies are preferred (including R&D)<sup>31</sup>.

The participation of institutions of the modern and "intelligent" state in current industrial activities and granting thereto, financial, institutional and organizational support, should potentially help in the development of continued Polish industrialization. Otherwise, there may be a risk that domestic companies shall fail to undergo the cycle of transformations essential to achieve not only a high degree of industrialization, but also the convergence of productivity in relation to western countries. Undoubtedly, the presented approach is also justified by the state of many years of underdevelopment and civilization backwardness, which is still reflected in the existing technological and economic gap (as indicated by the many times lower GDP per capita in Poland as compared with other EU Member States).

However, it is worth noting that the SROR in no way justifies the thesis on the need for the state to conduct an active industrial policy. It was only indicated that the pursuit to improve the industrialization dynamics in this manner is to be a result of concerns about a possible loss in industrial competitiveness. Additionally, the authors of the concerned document

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<sup>30</sup> It seems, in particular that the mentioned development perspectives may relate to products manufactured in the so-called creative industry sector (based on culture and intellectual development), activities of which may stimulate the development of a creative and innovative economy based on knowledge. See in this regard especially R. Kasprzak, *Przemysły kreatywne w Polsce: uwarunkowania i perspektywy* (Creative industries in Poland: determinants and prospects) .Kamon Consulting. Warszawa 2013, p. 143 et seq.

<sup>31</sup> The problems of this policy will be, in short, presented below. In professional studies, this type of postulates were submitted in the latter half of the 1990s (ergo, several years prior to Polish accession into the EU). See especially E. Czerwińska, *Polityka przemysłowa* (Industrial policy), Biuro Studiów i Ekspertyz, Warszawa 1998 r., Raport nr 107 (along with literature stated therein). <http://biurose.sejm.gov.pl/teksty/r-107.htm>

declare that one of the strategic projects is to prepare a "New Industrial Policy" as a separate government document that would define the industrial potential, global demand niches, and identify industrial needs, specialization directions or support instruments necessary for its development<sup>32</sup>.

On the other hand, the SROR indicates the need to combine, within the active industrial policy of the state, both horizontal and sectoral activities. The former should be focused on dissemination within the industry sector, of general purpose technologies (raising, in the macroeconomic scale, labor productivity in all sectors). On the other hand, the goal of sectoral actions should be stimulating the growth of state-selected industries with a potential for dynamic growth, in the hopes that this would strengthen the competitiveness of the entire industry sector and the economy. Furthermore, it is important to note that, as opposed to the current policy of public agendas, in order to achieve measurable economic effects, a new financial or organizational support system of entrepreneurship and innovation should systematically be concentrated on fields, which are truly important for the long-term development of the Polish economy. It is worth adding that the most important horizontal industrial policies envisaged in the "Strategy" include the announcements of higher education and research institute reforms, and connected therewith, declaration about the creation of the National Technological Institute (Narodowy Instytut Technologiczny) and the European Laboratory for New Material Research (Europejskie Laboratorium Badawcze Nowych Materiałów), as well as a mention of a possible amendment of the Act on supporting innovation and preparing legal changes supporting intellectual property of inventors<sup>33</sup>.

When discussing the issues related to competitive capabilities of domestic companies, it is worth pointing out that a particularly important role in the "Morawiecki Plan" is to be played, in particular, by aid to support the process of the so-called "smart re-industrialisation" equated to the development of innovation and innovativeness<sup>34</sup>. Activities of this type

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<sup>32</sup> SROR, p. 45.

<sup>33</sup> *Ibid.*, p. 38 et seq. According to M. Bukowski (Blaski i cienie..., p. 7) industrial policy should be limited almost solely to horizontal tools (i.e. directed at all branches of the economy to the same extent), helping to quickly absorb global innovations.

<sup>34</sup> The notion of innovations was introduced into economic sciences by J. A. Schumpeter, focusing on the sphere of technology (see *ibid.*, *Teoria rozwoju gospodarczego* (The theory of economic development), Państwowe Wydawnictwo Naukowe, Warszawa 1960, p. 103 et seq). In previous decades, along with a decrease of the importance of industry in favour of services, the substantial scope of innovations has been significantly broadened. For more information refer to W. Janasz, K. Koziół, *Determinanty działalności innowacyjnej*

are to consist of implementing scientific and technological progress in the economy by way of using cutting-edge research, production and management technologies. Since modern industrial activities are based on implementing advancements and innovations, the promotion of innovation should consequently raise the functioning level of traditional manufacturing industries and strengthen their ability to compete both on the domestic and global markets. Thanks to that, companies covered by the indicated transformations shall have less difficulty in reducing production costs, raising product quality or broaden the assortment of products on offer. Other results of implementing innovation development include, as stipulated by the SROR creators, better satisfaction of consumer needs and a faster response to the changes of expectations thereof, reduction of raw material and energy consumption, reduction of production emissions and raising work safety. A very positive effect of domestic entrepreneurs creating and applying modern improvements and innovations is also supposed to be increasing demand for highly qualified and well paid staff, and an increase of Polish export (generating both higher profits for companies and higher wages for the employees thereof). On the other hand, the SROR authors see that the development of productivity and production automation, implementing new prototypes and technologies shall in practice contribute to "freeing up labor resources", i.e. reducing the employment level. At the same time however, they see opportunities for the staff to find other employment, by way of transitioning to the sector of industry-related services<sup>35</sup>.

The development of a new pro-innovation activities programme seems to be necessary in that the activities in this area undertaken thus far have long since been deemed as ineffective and not yielding the expected results<sup>36</sup>. What is more, the assessment of the aforementioned experiences and recognizing the low competitive potential of Polish companies have, for years, led to the subject literature posing a thesis on the need of special

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przedsiębiorstw (Determinants of innovative activity of enterprises), Państwowe Wydawnictwo Ekonomiczne, Warszawa, 2007, p. 18 et seq.; P.Niedzielski, K. Rychlik, *Innowacje i Kreatywność*, Uniwersytet Szczeciński, Szczecin 2006, p. 19 et seq; P. R. Whitfield, *Innowacje w przemyśle*, Państwowe Wydawnictwo Ekonomiczne, Warsaw 1979, p. 26 et seq.

<sup>35</sup> SROR, pp. 42-43.

<sup>36</sup> A. Byliński, *Uwagi dotyczące realizacji w Polsce programu budowy gospodarki opartej na wiedzy* (Notes on implementation in Poland of the construction of the knowledge-based economy ) in: A.Kukliński (ed.), *Gospodarka oparta na wiedzy:perspektywy Banku Światowego* (Knowledge-based economy: the World Bank perspective), Biuro Banku Światowego w Polsce, Komitet Badań Naukowych, Rewasz, Warszawa, 2003, p. 126 et seq.

participation of state institutions in the process of creating and supporting innovation development<sup>37</sup>. However, it should not be neglected to mention the opinion stating that (contrary to SROR assumptions) a currently dominant factor of economic growth in the world is using foreign innovations by domestic companies, which is to be served by the national R&D potential. In this perspective, indeed, no economy is currently self-sufficient in terms of technology, and in practice, it is impossible to achieve a durable technological advantage over the competition<sup>38</sup>.

Undoubtedly, the area "Capital for Development", should be deemed one of the most concrete fragments of the "Strategy" in terms of institutional measures. The reason is that it discusses the creation of several public agendas responsible for various elements of the investment process, which the authors of the plan hope to stimulate with the use of instruments envisaged in other parts of the SROR (e.g. "Re-Industrialization", "Energy", or "Social Cohesion"). The subject is, i.e., the creation of a Polish Capital Group (as a government agency supervising selected State-Owned Companies) or a Polish Development Fund (as a coordinator for key public institutions concerned with financial and operational support for foreign investors). In addition, it is planned to prepare a development programme for the domestic capital market, strengthening the system of expending EU funds in Poland and also increasing the scale of voluntary private savings by implementing the so called Capital Construction Programme as a new, voluntary retirement saving system<sup>39</sup>.

However, assessing the aforementioned proposals, one of the analysts critically noticed that they are only a general outline of activities requiring particularization, encumbered with a high risk during their potential implementation, which assumptions shall certainly be subject to numerous changes during attempts to put the plan into practice. At the same time however, concepts of the Ministry of Development aiming to endear the Poles to long-term saving, by preparing a number of specific proposals organizational and fiscal proposals to this effect, are embraced with approval<sup>40</sup>.

Finally, it is worth pointing out the ideas on promoting Polish export and domestic brands, supporting the expansion of domestic companies

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<sup>37</sup> M. Knosala, Potencjał innowacyjny a bezrobocie (Innovative potential and unemployment). Zeszyty Naukowe Uniwersytetu Ekonomicznego w Krakowie Nr. 684 (2005), p. 76 et seq.

<sup>38</sup> M. Bukowski, Blaski i cienie... (Lights and shadows ...), p. 6 et seq.

<sup>39</sup> SROR, p. 73 et seq.

<sup>40</sup> M. Bukowski, Blaski i cienie... (Lights and shadows ...), p. 17 et seq.

abroad, or declarations on the necessity of developing economic diplomacy<sup>41</sup>.

The wealth of development challenges raised in the "Strategy" also includes the aforementioned problems related to the progress of uneven territorial development. The SROR authors see the risk resulting from the accumulation of economic activities in places where material and human capital already exist and are ready for use. Since, in consequence, interregional and development differences between large agglomerations<sup>42</sup> and the rest of the country continue to grow, they emphasize the need to search for instruments to be used for promoting territorially sustainable development to a larger extent than previously. "A balanced social and regional development is a harmonious development of the entire country, sensitive to territorial diversity and its strengths, and at the same time ensuring a high standard of life to the entire society"<sup>43</sup>.

As a remedy to the aforementioned problems, it is proposed to use such instruments as a pact for rural areas, education, and much more effective regional development support mechanisms. This would entail in particular, the creation of conditions enabling an optimal strengthening and use of territorial capital, which would foster local economic and professional stimulation or improving inhabitant access to public services. The drive to help regional industries with a large development potential seems to be particularly important, which in synergy with national specializations, is to allow local products and services to effectively compete on the domestic and international markets. From the institutional perspective, it is crucial to undertake actions for strengthening the administrative potential (particularly with regard to weaker territorial self-governments) and improvement of the financing, management, programming and coordinating social-economic activities on all levels of the country's territorial administration. As examples of specific moves, programmes are

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<sup>41</sup> This section of the "Strategy" mentions a number of public agendas supposed to promote Polish companies and products on global markets (i.a. mention is given to the Grupa Polskiego Funduszu Rozwoju). See SROR, p. 83 et seq. These are not entirely novel propositions, as nearly three years ago under the Polish Institute of International Affairs, a report was created on the need to improve the support for Polish entrepreneurs on external markets entitled: „Promocja polskiej gospodarki za granicą”. See [https://www.pism.pl/files/?id\\_plik=17520](https://www.pism.pl/files/?id_plik=17520)

<sup>42</sup> Here, they are perceived as centres for developing socio-economic development in a given region, which takes places by concentrating companies and production factors and leading units connected with innovative industries. See e.g. W. M. Gaczek, *Obszary metropolitarne jako bieguny...* (Metropolitan areas as the poles...), p. 22 et seq.

<sup>43</sup> For additional information refer to SROR, p. 89 et seq.

indicated, used to raise the investment attractiveness of Silesia or a package of activities for Eastern Poland<sup>44</sup>.

#### **4. Conclusions and recommendations**

The multitude of currently existing economic, institutional, and political challenges, makes the creation of proper development strategies (on national and international levels) an extremely important and fundamental task for contemporary public authorities. What seems key to achieve a given effect (e.g. in the form of improving the citizens' standard of living) is the implementation of the adopted assumptions on the level of the social and economic structure at a given time (i.e. mainly with regard to households and companies).

In our opinion, the Responsible Development Strategy should be largely perceived as an attempt by the Polish political class to change the paradigms of the current socio-economic policy, and striving to adopt new priorities for civilization development. This is a comprehensive and ambitious, and at the same time, long absent from Poland, independent vision determining a new development model, which simultaneously is a very detailed analysis of the current state of our economy. There is no doubt that appreciation should be given to analyzing the (previously underestimated or pushed to the margin of public debate) issues concerning e.g. social solidarity or the development of peripheral areas.

Furthermore, the outlining by the SROR creators, of numerous instances of actions which may interest individual Polish companies should also be assessed positively. However, the presentation of, generally appropriate, goals (e.g. necessity to create and use domestic capital, need to strengthen Polish export potential or attempts to make the economy independent from foreign capital) are not always accompanied by proposals of necessary implementation activities. Concerns should also be taken into account with regard to a credible indication of the bases for financing the implementation of the "Morawiecki Plan" and Poland's possession of the institutional capacity to implement the detailed assumptions thereof.

In the opinion of the authors hereof, the discussed programme should therefore be treated mainly as a largely accurate diagnosis of the state of the Polish economy and the basic developmental challenges (traps) placed before it. On the other hand, it is debatable to treat this plan as an effective

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<sup>44</sup> For more information refer to *ibid.*, p. 101 et seq.



remedy to the modern economic and social problems mentioned in the "Strategy".

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