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Activity of the Regional Polish United Workers' Party Apparatus in 1970–1989

Abstract

The article aims to verify whether, in the 1980s, there was a significant decrease in the involvement of the regional communist party structures in charge of economic affairs in Poland. The analysis is made on the case of the Warsaw Committee (KW) of the Polish United Workers' Party (PUWP). Archival documents gathered in the State Archive in Warsaw were used to perform the analysis. The protocols of the meetings of the Executive and Secretariat 1970–1989 were collected, described and analysed. Moreover, the analysis was supplemented by the Statistical Yearbooks of Warsaw (GUS, 1957–1974), the Statistical Yearbooks of the Capital City of Warsaw (GUS, 1976–1981) and the Journal of Laws of the People's Republic of Poland 1970–1989. A statistical analysis of economic activity of the KW of the PUWP in the context of macroeconomic variables and economic activity of central authorities was performed. The correlation coefficient between macroeconomic performance and Party activity indicates the convergence of both trends in the 1970s and the lack of correlation in the 1980s. The decline in engagement after 1978 was unprecedented. In this period, there was a discrepancy between the activities of the central government and the Party apparatus, which remained in place until the end of the system. Institutional mechanisms in the Principal–Agent relation weakened significantly in 1980s.

Keywords

centrally planned economy | PUWP | economic policy | economic history

JEL Codes

N14, N44, P21

1. Introduction

The political transformation of Poland from a centrally planned economy to a market economy was a long-term process which concerned several institutional levels: from the current allocation of resources to social habits and norms, such as consumer behaviour or new ownership relations. The present research on this process focused on the analysis of the systemic transformations that started in the late 1980s (Blanchard, 1994; Keane and Prasad, 2002). The main subject of these analyses is to present the effects of institutional changes on the transformation of the economic system; these effects include departure from the planning system, denationalization of enterprises and the banking system, opening the economy to foreign markets etc. Despite the complexity of those changes, the process went relatively smoothly (Kowalski, 2009,

p. 277). Aghion and Blanchard assessed that although no economic miracle was recorded in Poland, the transformation was stable and consistent (Aghion and Blanchard, 1994, p. 1177).

The analysis of the economic transformation of the late 20th century in Poland (and other Central and Eastern Europe countries) should not be limited to the changes after 1989 (see e.g. Karklins, 1994). As researchers suggest, economic transformation began before the collapse of the socialist state dating back to 1989–1991 in various countries. This early phase of transformation was associated with the process of informal management transformation and increased importance of informal relations in the economy (Solnick, 1998, Zybertowicz and Łoś, 2000; Karklins, 2005). The direct cause of the first phase of economic transformation can be seen in the crisis of the current system of governance, including economic management.

The research mentioned above indicates that an institutional crisis was afflicting the centrally planned economic system in the final phase of its existence. The aim of this study is to examine this problem in the case of Poland by analysing the activity of the local party apparatus (Warsaw Committee) in the economy. The Polish United Workers' Party (PUWP), and in particular its authorities and apparatus, played a key role in the system of management. The central Party authorities (First Secretary, Politburo, and the Secretariat of the Central Committee) were in fact the highest authorities in the state and the economy, taking strategic decisions on economic policy directions (Kaliński, 2003). In turn, the local party apparatus (voivodeship committees) was the most important centre of power at the local level, performing supervisory functions and monitoring enterprises on its territory. The Party apparatus, apart from the economic administration, therefore played one of the key roles in the management and supervision of the centralised economy of the Polish People's Republic. Therefore, the study of the activity of the PUWP structures in the economy may be a good way to determine the moment when the crisis appeared in the entire institutional system of the centrally planned economy.

The analysis is aimed at verifying the hypothesis that in the 1980s there was a significant decrease in the involvement of the regional Party structures in economic affairs in Poland. Analysing the case of the Warsaw Committee (KW) of the PUWP, this article attempts to prove that the signals sent by the central authorities were not adequately reflected in the work of the local PUWP apparatus.

The analysis covers the last 20 years of the People's Republic of Poland to capture changes in the activity of local party structures over a longer period of time, including the beginning of the collapse in the impact of this institution on economic life. The KW, one of the most important regional instances of the PUWP, will be the subject of analysis. To examine its activity, a summary of the executive meetings of the Committee was used. I believe that this is a good approximation of the level of involvement of the Warsaw apparatus in the economic affairs of the subordinate area. The level of the KW's involvement in the economy was juxtaposed with macroeconomic variables to examine the correlation between changes in the involvement of local party authorities and changes in the economic situation in the country (especially with the investment involvement of the

state). I assume that this correlation should be high if party structures performed the tasks of supervising the subordinate area imposed on them, and vice versa, that the level of correlation should decrease if such actions are abandoned. It should be noted that the KW was in close distance to the Politburo of the Central Committee (they were located in the same building), which proximity could have contributed to the increased interest of the Party's central authorities in Warsaw local affairs, and on the other hand, more frequent, informal ways of dealing with issues that were not recorded in the documents. This situation took place throughout the analysed period; therefore, it should be treated as a constant – until the dissolution of the PUWP, both committees were based in Warsaw at the Nowy Świat Street (New World Street). It means that I can drop this factor in comparing the 1970s' and 1980s' results.

The selection of data was guided by compliance with the research assumptions and their completeness. In this work, the archival sources of the KW of the PUWP, gathered in the State Archive in Warsaw, were used. The protocols of the meetings of the Executive 1970–1989 were collected, described and analysed. In the course of the work, the lack of protocols from eight meetings was noted – at the beginning of the period and in 1981–1983. Moreover, the Statistical Yearbooks of Warsaw (GUS, 1957–1974) and the Statistical Yearbooks of the Capital City of Warsaw (GUS, 1976–1981) were used. The monetary values were unified according to the price level from 1971. On this basis, a database of macroeconomic data and the activities of party structures for the years 1970–1989 were created.

The article is divided into four parts. The first chapter presents the economic policy of the People's Republic of Poland in the years 1970–1989. The second part is devoted to the role of the Party in the economic life of the People's Republic of Poland on the basis of economic and sociological studies of that time, as well as historical analyses of recent years. The third part examined the activity of middle-level party structures. Next, conclusions were presented and further possible directions of research were outlined.

2. The Economic Policy of the Polish People's Republic in 1970–1989

Within the system of centrally planned economy, which was established in Poland at the turn of the 1940s and 1950s, economic policy was implemented by the government and its subordinate state administration, but the decision-making centre was outside the official state bodies. In fact, as in other socialist countries, the central authorities of the ruling party, above all the Politburo and Secretariat of the Central Committee of the PUP, played the role of the main decision-maker (Kaliński & Landau, 2003). The main strategic decisions including the direction and possible changes in economic policy were therefore taken within the highest party authorities. The implementation of these decisions rested with the state economic administration (ministries and unions) and local state administration (national councils and local administration). However, similarly to the central level, the regional structures of the PUP had the highest position in the structure of local authorities, coordinating and supervising economic processes at the regional level (Tymiński, 2001, 2008, 2020). This system, with relatively minor adjustments, functioned throughout the period of the Polish People's Republic. The Party's leading role in the state was sanctioned by the constitutional provision of February 10, 1976 (Journal of Laws of 1976, No. 5, pos. 29).

The last two decades of PPR cover two periods. In the first one, until 1980, Poland was under the leadership of Edward Gierek. After the short transition period associated with the creation of the Solidarity trade union and the political crisis of the communist party in 1980–1981, power was taken over by the group formed around Wojciech Jaruzelski in 1981, strengthening it after the Martial Law was imposed. The economic policies in both periods were different, and the differences were connected with changing political and economic conditions.

Edward Gierek's rise to power in December 1970 resulted in the introduction of a new economic policy which was based on a significant increase in investments financed from foreign loans. This policy led to rapid economic growth and a significant modernization of the economy. Unlike the economic program introduced by Władysław Gomułka, the external financing of the new program was intended

to maintain a steady growth in consumption, which would avoid social unrest (Kuczyński, 1981).

The fourth five-year plan (Journal of Laws of 1972, No. 22, pos. 157) projected a 55% increase in national income and a 60% increase in industrial production. The expansive investment policy resulted in an increase in the level of investment of almost 150% within 5 years. As a part of the new economic policy, as early as in 1971, decisions were made to build the Katowice Steelworks, the Central Railway Main Line, the Łazienkowska Route, the refinery in Gdańsk and the car factory in Silesia. However, in 1973 first signs of overinvestment and growing expectations of a decrease in the overall level of investment appeared (Mitręga, 1973). Despite further investments in the industrial sector, Poland's trade balance deteriorated every year. In 1971, 451 million zloty surpluses were recorded, but in 1973 there was a 4.2 billion zloty trade deficit. The maximum level of the deficit was reached in 1976 – 9.7 billion zloty. (KW, 1976, p. 1). The difference was covered by the government debt, which increased eightfold in 5 years due to investment efforts – to 9.6 billion zloty in 1975. Labour productivity did not increase to the level assumed by the authorities (Vonyó and Klein, 2019). Despite that fact, the government announced the decision to increase commodity prices by up to 50%. This caused social unrest and a strong political crisis, which escalated during the events of June 1976.

The 1976 crisis triggered significant declines in national income and consumption. The authorities responded by applying a policy of economic manoeuvre, i.e., limiting investment spending and freezing some of the investments already underway. In this respect, expenditures on market and export production, housing, energy and transportation were preferred (Kaliński, 2017, p. 73). The policy of economic manoeuvre did not bring the expected results in the second half of the 1970s. In this period, a slowdown in growth was noted, and in 1979 and 1980 a recession was underway (GUS, 1983). The decision to reduce investment outlays in this case was made too late – already after the macroeconomic shock occurred.

The economic policy of the 1980s was determined by attempts of economic reforms which were aimed at leading the economy out of a deep crisis (Grala, 2005). In the first period, in the so-called "Solidarity Carnival", a limited interest in economic affairs can be seen. As Andrzej Boboli wrote: "The beginning of 1981 brought about a further deterioration in the country's

economic situation. (...) These problems forced the party authorities to look for subjects in which they could show even small but propagandistic successes. Already at the highest and middle levels of government at that time, there was no thought of a quick and effective improvement of the situation.” (Boboli, 2016, p. 154). At that time in Warsaw, the local apparatus focused on prosecuting constructional arbitrariness and controlling the cultural environment.

The introduction of the Martial Law in 1981, along with its institutional consequences, changed the economic situation; among other measures, the institution of military control over the economy was established, which, however, was not clearly defined. The instructions stated that “the military commissioner and the first secretary of the Party should inform each other about important matters”. (AAN, KC, PZPR, 1982). It was not specified which matter was qualified to be regarded as important.

The so-called first stage of economic reform in 1982–1987 began shortly after martial law and the introduction of military control over industry. Even before the Martial Law was imposed, in September 1981, a law on state-owned enterprises was passed, which introduced a legal independence of state-owned enterprises, elements of workers’ self-governance and self-financing for the expenses of such enterprises (Journal of Laws 1981 No. 24 Pos. 1220). The Act on Prices of 26 February 1982 (Journal of Laws No. 7 item 52) established three types of prices: official, regulated and contractual. At the same time, the government increased the prices under the Martial Law. Combined with the rationing system, the real purchasing power of the population significantly decreased. The reform involving an increase of the independence of enterprises in the initial stage did not have a significant impact on the economy, since the largest enterprises in the central and regional nomenclature system were excluded from it.

In this period, economic development was blocked by arrangements within the Eastern Bloc. Despite the hypertrophy of heavy industry in the structure of the economy, it was not possible to increase exports to the capitalist countries because of the arrangements of the Comecon for increasing export limits between the member states. (Müller, 1993, p. 39)

Meanwhile, economic conditions had deteriorated. Employment in industry in the 1970s increased by 955.8 thousand but in 1980–1985 it fell by 299.5 thousand, and in 1985–1988 by 224.5 thousand. (GUS, 1989, p.

47, GUS 2018, p. 234). It can be said that the situation in relation to investments was similar, because in the 1980s, total expenditure remained below 150 billion zloty a year, compared to the growing investment expenditure in the 1970s, which amounted to 222.5 billion zloty. (Vonyó and Klein, 2019, p. 342, 1971 prices). The Martial Law and the deepening economic difficulties hindered reform efforts. Their revival took place in 1987, when the theses on the second stage of economic reform were prepared (Kaliński, 2015, p. 4). The project of the second stage of the economic reform made a basis for formal institutions to change the economic system. Grala (2005) points out this stage of reforms unequivocally negatively, but it is difficult to share this view concerning the status of the Polish economy. The government proposed to extend the principle of self-governance and self-financing to the majority of enterprises of key importance to the economy. The project to legalise currency exchange or the strategic document on the commercialisation of the banking system adopted by Zbigniew Messner’s government stand out as examples of reforms that liberalised the system. The release of bond trading under the Bond Act of September 27, 1988 (Journal of Laws 1988 No. 34, pos. 254) was the first signal of the capital market’s dawn. The second part of the reform failed, however, in a consultation referendum in November 1987, in which the majority of voters were in favour of economic reforms, but the results were not binding as a result of low turnout. The last period of economic policy in Poland under the PUWP was covered by the reforms of Mieczysław Rakowski’s government. One of the most important elements of these reforms was the Act on Economic Activity of December 23, 1988 (Journal of Laws No. 41, pos. 324), called the “Wilczek Act”. According to this law, conducting business activity was decoupled with restrictions on entering the market, except for 11 areas requiring a license. It should be outlined, however, that some of the mentioned legal changes introduced at the end of the 1980s facilitated the so-called nomenclature privatisation, participated in by members of the Party apparatus. This phenomenon is described by Jadwiga Staniszkis (1990, 1994) and Jacek Tarkowski (1994) (see Karklins, 2005 for similar processes in other socialist countries).

The changes of 1982–1989 are considered as a half-way solution. It is indicated that a “specific system vacuum was created at that time, in which neither the traditional plan nor the free market operates”. (Nasiłowski, 1991, p. 326). The half-way changes were particularly evident in comparison with one of the

original goals, which in 1982 was the introduction of a universal market mechanism (Wilczyński, 1991, p. 412). The author also accuses the first stage of the reform of lack of a comprehensive elaboration and introduction of reforms as a comprehensive series (1991, p. 413). It would be caused by the fact that implementation of the “Directions for Economic Reform” (Kierunki reformy gospodarczej 1981) created by the Commission for Economic Reform was interrupted. The introduction of martial law 2 months after the adoption of this draft broke the continuity of reform planning in Poland. The literature also shows that the socialist systems, in general, had adopted any reforms with significant difficulties (Anderson, 2011, p. 52; Ickes, 1990).

During the introduction of the so-called second stage of economic reform, in 1988, another wave of strikes took place in Poland, among other places in the steel mills in Kraków and Stalowa Wola, in the Gdańsk Shipyard and 14 coal mines. The last months before the Round Table meetings and the elections of 1989 constitute an example of the mechanism described by Jacek Tittenbrun: “The economic crisis of the dying system and the aggravation of its class contradictions caused the collapse of “real socialism” not by itself, but through the action of the masses.” (Tittenbrun, 1992, p. 189). Social changes, even during the researched period, led to an exacerbated response to economic decisions and the economic situation. Many social groups subsequently began to use tools such as protests and strikes, as in the cases discussed earlier. The influence of social changes on the Party apparatus should be considered significant, but this is material for a separate study.

A contrast can be seen between the economic policies of the 1970s and 1980s. In the first decade, the main policy tool was investment decisions. Before 1976, through the expansion, there was an attempt to increase productivity and take advantage of scale. After 1976, the withdrawal from investments was supposed to prevent the deepening of imbalances. The economic policy after 1980 focused primarily on structural and institutional issues. Attempts of systemic changes were not supplemented by a coherent economic plan, as observed in previous decades, including the Gomułka’s concept of selective development and the plan for post-war reconstruction. The lack of an investment policy was one of the factors that disturbed the principle-agent relations in the Party hierarchy, especially after the introduction of military control over industry during the Martial Law. The

lack of funds for investments deprived middle-level party officials of the opportunity to participate in the allocation and supervision of projects. This meant the loss of an important tool (besides nomenclature) of political influence in the region.

3. The Role of the Party in the Polish People’s Republic’s economy

The present literature refers to several directions of research: analyses of the economic model of the Polish People’s Republic, research on the economic policy of the 1970s and 1980s and the process of political transformation in the late 1980s and early 1990s. The research in this field mostly concerns the centrally planned economy in the systemic perspective.

The specificity of the Party’s significance in the economy of the Polish People’s Republic was examined by Janusz Kaliński (2003). He drew attention to the basic tools of the PUWP influence on economic decisions: the system of nomenclature and a personal union. The nomenclature system is “a list of positions whose filling requires a decision (or acceptance) of the relevant party instance” and from the subjective perspective: “The party bodies’ competence to decide on the filling of the posts on the nomenclature list.” (Paczkowski, 2003, p. 117). A personal union can be defined on a specific example. Kaliński points out that the Chairmen of the State Economic Planning Commission and later the Planning Commission at the Council of Ministers were also members of the PUWP Central Committee. Owing to these solutions and informal tools, the Party “guaranteed itself a monopoly in the sphere of deciding on human, institutional, material and financial aspects of the functioning of the economy”. (Kaliński, 2003, p. 84–85). In this way, the so-called leadership role of the party was extended to economic matters, and the Party instances on the central and regional levels were the decision-making bodies in this respect.

1. So far, the influence of communist parties on economic policy after 1970 was rarely discussed. The systemic analyses of political changes showed the perspective of the reforms which were introduced, but passed over changes caused by non-legal and informal factors. The lack of economic analyses in this area is partially complemented by sociological

publications. Jadwiga Staniszkis (1972) analysed and compared theoretical approaches to the bureaucratic dependencies of Marx and Weber. Staniszkis outlined the mechanism of the formalisation of dependency, which aims to defuse tensions in the hierarchical structure of the organisation, but which ends with Kornai's speculation in the planned economy (Staniszkis, 1972, p. 65–68). Staniszkis also describes the cyclicity of political and economic fluctuations in the Polish People's Republic, pointing out the connection between political and economic factors and institutions (2010, p. 281–290). Lena Kolarska-Bobińska (1984) examined how the scale of the Party's influence on enterprises was changing in the opinion of the officials of the provincial apparatus of the PUWP. As she concluded: "At the beginning and in the mid-1970s, the provincial committees of the PUWP had a great influence on enterprises in their territory. At the beginning of the 1980s, this influence diminished, which is indicated by unanimous answers of the respondents." (Kolarska-Bobińska, 1984, p. 159).

The perception of the Party structures' involvement in the economy was studied by Andrzej Rychard and Lena Kolarska-Bobińska (1981, 1986, 1996) and Adamski and Rychard (1989). On the basis of the surveys, they concluded that society after 1980 was increasingly distrustful of the Party's role in economic life (Kolarska and Rychard, 1986, p. 167). Economic reforms were supported only by the Party and government officials (Adamski and Rychard, 1989, p. 384).

There were no comprehensive studies of political and economic dependencies at the regional level – both within the Party and government hierarchy. The Party, as the crucial element of the functioning of a centrally planned economy, has not yet been precisely described for the period preceding the political changes of the late 1980s. Jadwiga Staniszkis (1989) made a detailed analysis of the foundations of the socialist system and pointed out the lack of its object of power. Dąbek (2006), Georgica (1991) and Tarkowski (1994) described institutional relations in the patron-client hierarchy at the local level, but without reference to an economic analysis. They outlined the key importance of political patrons in the life of local communities. The above authors' considerations can be analyzed within the framework of the Fundamental Problem of Command by Harrison (2005) and Kornai's disposer and petitioner model (1986). Tarkowski attempted to generalize his model to all Real Socialist countries,

describing them as centralised super-organisations (1994, p. 22).

In the literature, we can find a description of system errors and their properties which lead to increasing inefficiency. Balcerowicz (1990) introduced the concept of a planning tender, where the participants "manipulated organizations from neighboring levels of the hierarchy by the provided information" (1990, p. 43). Party secretaries used the investment boom as an opportunity to pursue their own interests and expand their sphere of influence. Kornai (1986) noted: "There is no self-limitation in the demand for investment resources for companies, institutions, lower and middle-level managers, and industry managers. (¼) The demand for investment goods is almost impossible to fulfill" (1986, p. 51). No self-limitation was accompanied by weaknesses of other parts of the system. As Bolesta-Kukułka pointed out: "an image of an inconsistent system emerges, (...) the lack of clear laws and rules of the game, overflowing with a constant tender for funds and the size of planned tasks (...) with distorted reports, a complete lack of criteria of economic rationality in the decisions of all participants of this game." (1992, p. 114).

4. The Activity of the Local Party Apparatus. The Case of the KW

The 1970s and 1980s are a part of the period of centrally planned economy in Poland. The PUWP was founded in December 1948, and the first full year of the archives was completed for 1950. In total, 2,992 cases were discussed during the Executive Meetings of KW throughout the available period of 1950–1989, of which 1,000 were economic matters. The database was divided into 6 categories, namely, (1) industry, (2) construction, (3) communication, (4) services and trade, (5) agriculture and (6) other. Cases were divided according to the classification given in the protocols, and when the category was ambiguous, the division was established on the basis of the topics discussed. The number of cases undertaken varied over the years, as did the share of economic cases in the overall work of the Executive Committee (Table 1). In 903 cases, one case concerned one category listed above. In 57 cases two categories were discussed (e.g. industry and services/trade), in 33 cases three and in 7 cases four. In the whole period, the maximum attention was

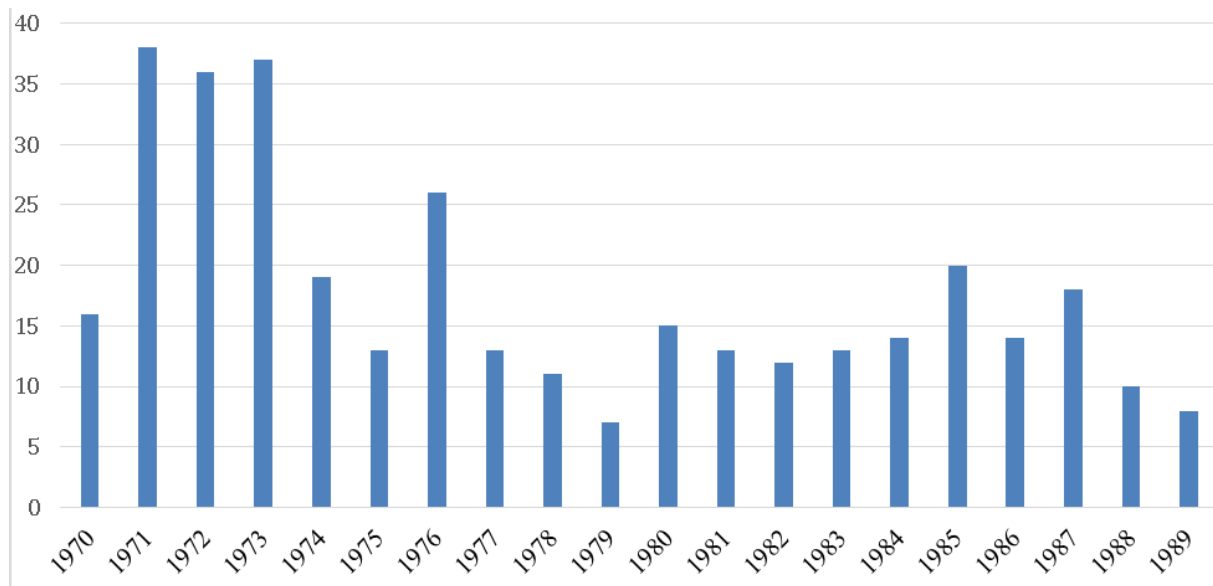


Fig. 1. Number of economic issues discussed annually by the Executive of the KW of the PUWP 1970–1989
Source: Own work based on APW

paid to industry (396 cases), followed by construction (253), services and trade (148), agriculture (94) and communications (76). 205 cases were classified as ‘other’ – not falling into the above categories. Among them were craftsmen, spatial planning and financial management. Agriculture appeared as a separate and significant topic of the policy of the KW only after the administrative changes in 1975. At that time, the area of activity of KW also included villages near Warsaw, where the agricultural population prevailed. To maintain continuity of data, this category was excluded from further considerations.

In Figure 1, the number of cases in absolute numbers and the share of economic issues in the work of the Executive were noted. The economy became dominant after Edward Gierek took power in 1970. In 1971 and 1972, 36 and 37 issues were discussed, respectively, representing 39% and 53% of the total number of issues that were a subject of the Executive meetings. Statistics remained at a similar level until 1975. The 1975-situation was specific because of the administrative reform introducing a new division of voivodeships and mandating the abolition of counties (*powiaty*). As a result, the number of organizational and general issues increased significantly before the reform came into force, i.e., by mid-1975.

At the same time, it should be noted that in the case of the KW, the administrative reform did not bring about any key personnel changes, as Józef Kępa continued to serve as First Secretary. The change

in this position took place a year later, when Alojzy Karkoszka was appointed. Earlier, before holding the office of the Minister of Construction and Building Industry and the position of the First Secretary of the Voivodeship Committee in Gdańsk, Karkoszka also worked in the KW (in 1958–1970). Another change was the return of the former First Secretary Stanisław Kociolek in 1980–1982, who previously held this position in 1958–1960 (Jakubowski and Szczęblewski, 1986, p. 102). In 1982, Marian Woźniak was appointed to the post of First Secretary, who was the first example of the head of the Party apparatus outside the Warsaw party elite in the researched period. Janusz Kubasiewicz, who served as First Secretary from 1985 until the end of the PUWP, also did not come directly from the KW, but was previously an employee of the Central Committee. Therefore, with one exception, all the I secretaries of KW during the 1970s and 1980s came from the Warsaw elite or the central government. The similarity of behaviour and mechanisms of the Warsaw party elite was noticed by Andrzej Boboli: “as a result of the process of alienation from society with the help of the nomenclature system and privileges, the party apparatus became a specific ruling class in the Polish People’s Republic”. (Boboli, 2016, p. 32). From the point of view of the Principal–Agent theory, such dependencies should strengthen the reaction of the agents, who function as secretaries of the KW, to the actions of the principals, who function as secretaries of the Central Committee. Therefore, the KW is a good example of a middle-level

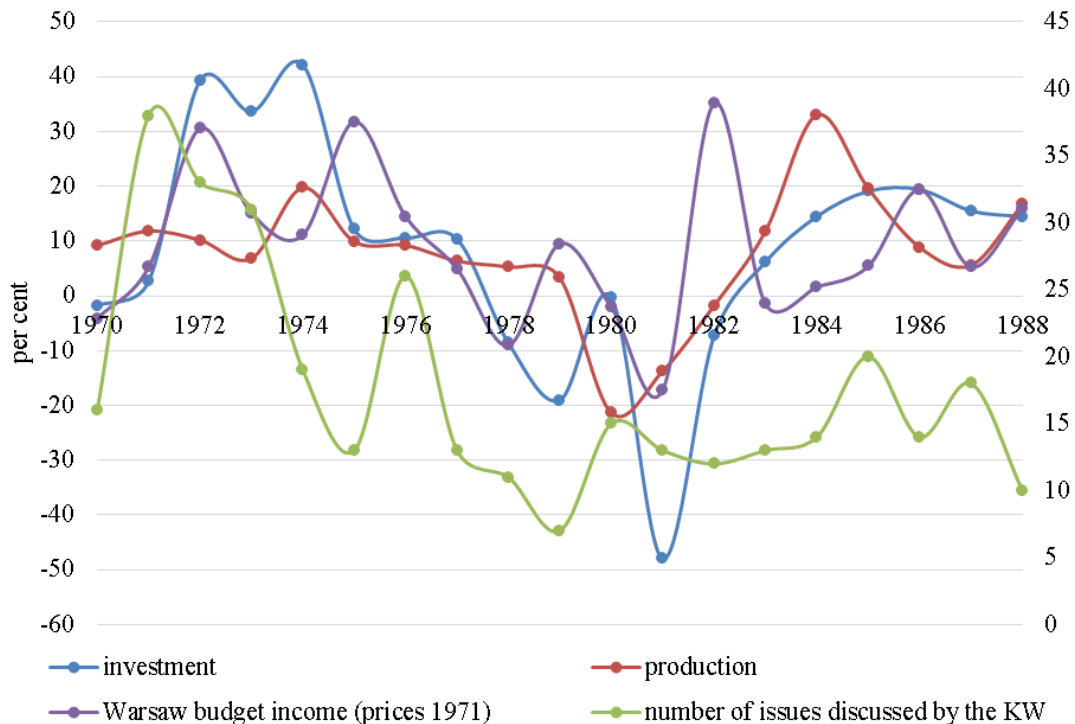


Fig. 2. The average annual dynamics of selected macroeconomic indicators (percent, left axis) and the number of economic issues per year (right axis)
Source: Own work on the basis of: GUS 1950–1990; WUS 1956–1990; Kołodko 1984; APW 1950–1989

apparatus owing to its strong links with the central apparatus.

Throughout the researched record, the Committee maintained a similar internal structure and a similar mode of work to the Executive, including the way the agenda and list of invited guests were established. This allows us to assume that economic matters throughout the period concerned offered a similar scope and presented a similar level of detail.

The distribution of economic affairs points to two critical phases in policy making and implementation: the investment intensification of 1971–1975 and the first years of the economic crisis of 1976–1978 (Figure 2). The values were shown according to average values, according to the Kołodko (1984) and Bauc (1988) methods. Kołodko (1984) distinguished nine phases of economic cycles for the years 1950–1985. National income, investments and consumption can be indicated as values distinguishing a direction of economic development. On the basis of those studies, the cycle was extended to the 1985–1989 period. The factors indicated a trend as consisted with the cycle.

In response to economic events, the Party apparatus intensified their activities, which is

reflected in 26 economic issues discussed in 1976 (Figure 3). The policy of economic manoeuvre adopted at the end of the year contributed to the temporary increase in activity. Already in 1978, the regional committee addressed only 11 economic issues. The local party apparatus, therefore, reacted to a decline in macroeconomic indicators positively in the short term (increased its involvement) and negatively in the medium term (decreased its involvement). This was probably owing to the changes in the way in which the economic apparatus operated. As Jan Mujżel indicated, after 1977 there was a “deepening breakdown of planning and central management, whose place was taken by the so-called bureaucratic anarchy”. (1991, p. 304). Already at the level of preliminary analysis one can see the causality and mechanism described by Boboli (2016, p. 70–73). The increased activity forced by the implementation of the economic manoeuvre coincided with the requirement imposed by the Central Committee to provide information which was as detailed as possible. As Boboli claims, this led to the inertia of the middle-level party apparatus. The weakening of party supervision after 1977, together with the worsening economic situation, had an impact on the later behaviour of party structures, which allows the assumption of causality.

Tab. 1. Correlation of variables 1970–1978

	Economic issues number (ln)	National income	Investment rate	Investment rate in Warsaw
Economic issues number (ln)	1			
National income	0.64	1		
Investment rate	0.62	0.95	1	
Investment rate in Warsaw	0.71	0.99	0.88	1

Tab. 2. Correlation of variables 1978–1989

	Economic issues number (ln)	National income	Investment rate	Investment rate in Warsaw
Economic issues number (ln)	1			
National income	-0.12	1		
Investment rate	-0.21	0.99	1	
Investment rate in Warsaw	-0.11	1	0.99	1

Source: Own work based on GUS 1957–1989 and Kołodko (1984).

In this context, a difference can be observed in the correlations between macro indicators and involvement in the economy before and after 1978, which borders the stages of the economic cycle (Tables 1 and 2). The study took into account national income and the dynamics of investment levels. The number of issues discussed by the KW Executive was included in the natural logarithm due to a better functional form.

The national income in the 1970s was shaped almost exactly like the level of investments. The natural logarithm of the number of economic issues discussed annually by the KW Executive correlated at 62–71% with the remaining variables. In the 1980s, the correlation is negative, while statistics at the level of -21% to -11% indicate more a lack of dependence than a negative dependence. The correlation is confirmed by a simple model for the 1970s.

Equation 1. Factors of the number of economic issues.

$$\ln(\text{economic issues}) = 0.8 \ln(\text{investment}) - 2.02 \ln(\text{national income}) + 27.37$$

The model above examines the impact of the increase in investment and national income on the change in the number of economic issues in 1971–1980. Both variables are significant – their levels of significance are 0.095 for investment and 0.055 for

national income, respectively. The model matching ratio is 54.35%, and therefore the number of economic issues is explained by explanatory variables in more than 50%. The constant is equal to 27.37.

According to the model, the increase in the level of investment in the 1970s—adjusted for the increase in national income—had a positive impact on the number of economic issues. For the 1980s, this model is no longer applicable – both variables are insignificant.

Compared to the commitment to an economic policy in the 1970s which reacted to changes in the cycle of the centrally planned economy, the collapse of the cycle in the late 1970s brought about a weakening of the system, thus leading to its breakdown. The involvement of the local party apparatus in economic affairs fell dramatically, especially in industry. There is a lack of response to the economic crisis, which is similar to the events of 1976. In 1982, only one case was dealt with in the sector, in 1986 – 5 and in 1987 – 2. In the remaining years of the decade, two industrial issues were addressed annually.

To extend Kornai's thesis that the factors that caused the investment hunger of enterprises have not ceased (Kornai, 1995, p. 27), I can point out that the investment needs of enterprises in Poland were still present in the final years leading up to 1989. However, they were no longer on the agenda of the Executive.

In the last phase until 1989, despite the mathematical relations between macroeconomic variables and economic activity, it is difficult to indicate a real relation. On the basis of 2–6 observations per year, it is hard to draw conclusions concerning the direction of economic activity, except for those conclusions which pertain to the lack of activity of the Party apparatus.

According to the announcement of the Council of State of December 12/13, 1981, “certain organizational units of the state administration and the national economy, performing tasks of particular importance for the defense and security of the state, were militarized.” (Council of State, 1981). This meant that the military took control of the most important economic processes in the country. As Antoni Dudek noted, “the militarization of the civilian apparatus of power was accompanied by a partial weakening of the PUWP’s role as the main center of political disposition” (2007, p. 233). This involved, among others, the exchange of managers by commissioners. The imposition of martial law in December 1981 did not increase the number of economic cases considered by the KW. Moreover, the number dropped from 18 per year to 12 per year between 1981 and 1982. The share of economic affairs in the whole activity of the Committee also decreased. In 1982, it reached 15.4%, compared with 52.9% 10 years earlier. The decrease in activity in terms of absolute numbers in the share of total activity and the disappearance of cyclicity are factors indicating that the system no longer displays the characteristics described earlier. At the same time, more voices began to appear in the discussion on system changes (Krawczyk, 1981).

It should be noted that the government was active during this period, attempting to introduce the first and second stage of economic reform (1982–1987 and 1987–1989). The number of economic laws increased significantly at that time (see Appendix). Already in the first stage, the changes influenced the scope of the Party’s economic supervision. The most important enterprises – those in the Central and local committees’ nomenclature – were excluded from the new regulations. However, the collected materials do not indicate any local actions aimed at adapting the Party functioning to the new structure or focusing on a reduced scope of supervision. After 1987, there were only three discussions on the course of the second stage of the reform, including one propaganda discussion with the editors of the “People’s Tribune” daily newspaper. At the time when the government was taking action, the Party structures did not

follow. For the entire decade, its involvement did not fluctuate significantly, limiting itself to several issues per year, from twenty in 1985 to eight in 1989. This was a counterintuitive result which was in opposition to the dynamics of the political and economic events of the time.

The last Party work in the economic area took place on 30th March 1989. At that time, the Executive of the Voivodeship Committee dealt with regional housing policy (KW, 1989a). Among two cases from the industrial sector in 1989, the first one was the information about the supply of the market with industrial articles on January 19th (KW, 1989b). The second discussion concerned the export of the Tractor Industry Association “Ursus” and took place on 16 February (KW, 1989c). It shows the weakening of the supervisory and control functions of the Party in the economic area. The new institutions were introduced in the absence of a previous institutional network. State enterprises were neither controlled nor monitored by the Party apparatus for the implementation of the plan, and when the amendment to the resolution of the Polish Parliament on the changes to the 6-year plan came into force in January 1989 and the law of 31 January 1989 was introduced, the process of their transformation into State Treasury Companies began (Journal of Laws 1989 No. 3 item 10). At that time, the State Treasury became the owner of enterprises in the civil-law sense and could, for example, benefit from the right to receive dividends or sell them into the private sector.

The lack of correlation is also noticeable in comparison with the number of economic issues and the number of publications in the Journal of Laws devoted to the economy (Figure 3).

I distinguished all economic laws published in Dziennik Ustaw (Journal of Laws), concerning industry, trade, prices, salary fund, investments, economic plans, state budget and others. In the period 1968–1980 the correlation between the two variables was positive and equal to 0.42. There was also a delay in responding to the publication in the Journal of Laws, caused by the *vacatio legis*. This means that regional party apparatus implemented the regulations and reacted to the increased activity of the government. The correlation after 1980 is equal to –0.66. Despite an increase in the number of economic legal acts, the activity of the KW in this area decreased. It can be concluded that the Party at the regional level did not react to the increase in economic regulations or reacted inversely – it reduced its activity in response

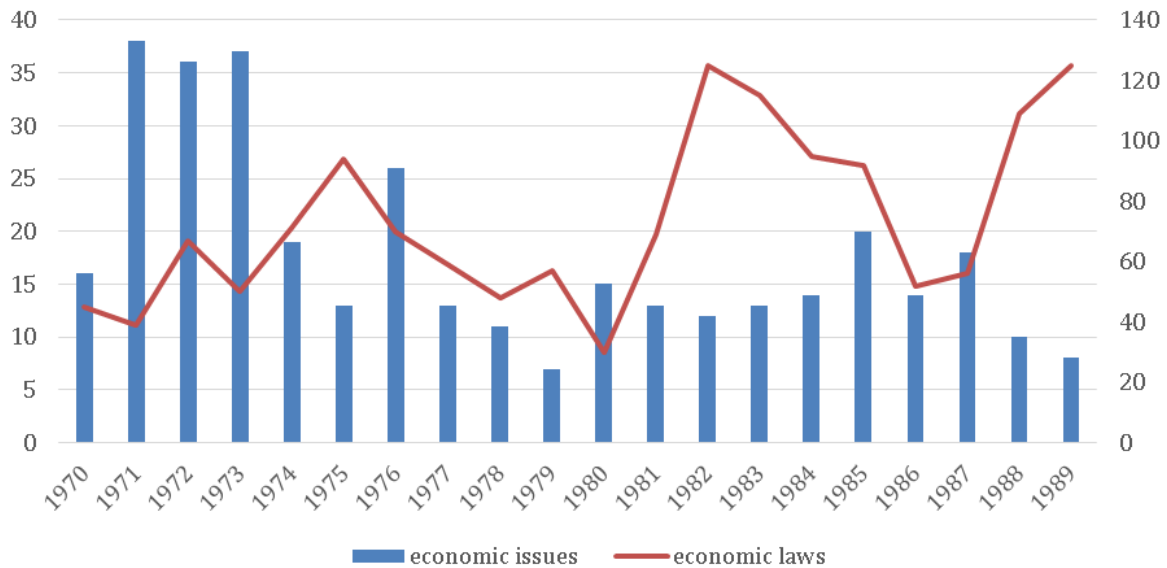


Fig. 3. The number of economic issues discussed by the Executive and the number of positions in the Journal of Laws on the economy. Source: Own study based on: APW, 1968–1989; Dziennik Ustaw PRL, 1968–1989.

to the new regulations. The first scenario is more likely, as the above model estimated. There was no reaction to the increase in the legislative activity in 1982 or 1989.

On the basis of the presented analysis, it can be assumed that at the turn of the 1970s and 1980s, the local party apparatus (the KW) stopped systematically supervising industry in the region. This observation is consistent with the quoted Kolarska-Bobińska's survey indicating the loss of influence of the regional PUWP apparatus in the economy in the 1980s. It is also coherent with mechanisms mentioned in Sections 2 and 3. As indicated, the economic conditions worsened significantly – total investment and employment decreased. Therefore, investment demand could not be met even at a minimum level. Participation in the planning tender was not as attractive as it was in the 1970s. It was associated with a much higher cost of obtaining the investment with a lower probability of success. However, on the basis of the presented database it is difficult to unequivocally determine whether another institution (e.g. the military authorities) has emerged in place of the local PUWP apparatus and whether the position of the Party officials has drastically weakened. According to the sociological research cited above and the findings of historians (Kaliński (2003, see also Dąbek, 2006, Dudek, 2007), the position of the regional committee secretary within the hierarchy of power was largely determined by his informal or semi-formal contacts

and the possibility of filling positions within the nomenclature system. As a result, the role of the secretary was crucial in the subordinate area, although the form of his influence on the economy was probably transformed and based—even more than before—on activities taking place outside the official circuit. However, the materials collected do not permit this issue to be resolved, since it requires a separate study of the activities of party bodies, and in particular of the I secretaries of KW.

5. Conclusion

The analysis confirms the hypothesis that the involvement of the Party structures collapsed at the turn of the 1970s and 1980s despite the activity of the central authorities. The decline in engagement after 1978 was unprecedented. It corresponded neither with the changing level of investment nor with the active government policies. Low levels of activity persisted until the end of the Polish People's Republic. In the lower-level structures and industrial plants, the control and use of supervisory tools known from the 1970s was stopped.

The element of the structure that decided about the location of investments and supervised local enterprises ceased to use its powers. These tasks ceased to be performed at all or were transferred to

the sphere of unofficial arrangements. The chain of relations between the principals and agents (Harrison, 2005) was broken. Formal systemic changes of the late 1980s were preceded by informal changes – a drop in the involvement of party structures in economic affairs and later a general decline in activity. The transitional character of the system was emphasized by Nasiłowski, quoted earlier (1991, p. 325–326). The question of the impact of this factor on macroeconomic indicators and the indication of a real intermediary in relations between the central planner and enterprises requires additional research exceeding the scope of this analysis.

The correlation coefficient between macroeconomic performance and Party activity indicates the convergence of both trends in the 1970s and a lack of correlation in the 1980s. In this period, there was a discrepancy between the activities of the central government and the Party apparatus, which remained in place until the end of the system. The existing institutional mechanisms in the Principal-Agent relation weakened significantly. The analysis of the functioning of the system in the 1980s revealed a very low involvement of regional party apparatus in supervising the economy. This means that one of the most important mechanisms transmitting orders from the central planner to enterprises has ceased to work.

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Appendix

Number of economic legal acts 1956–1989

Year	Number of legal acts regarding to economy
1956	99
1957	120
1958	120
1959	98
1960	100
1961	82
1962	71
1963	72
1964	57
1965	67
1966	70
1967	56
1968	62
1969	50
1970	45
1971	39
1972	67
1973	50
1974	71
1975	94
1976	70
1977	59
1978	48
1979	57
1980	30
1981	69
1982	125
1983	115
1984	95
1985	92
1986	52
1987	56
1988	109
1989	125

The above table is based on the Journal of Laws 1956–1989. The economic issues included workers' issues, economic plans, international trade, internal trade, financial system, industry, services and agriculture.