Our Europe: 15 years of Poland in the European Union

Main conclusions and supplementation to the CASE Report

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Introduction

The presented text, designed as an *Executive Summary* of the "Our Europe. 15 years of Poland in the European Union" report, differs from the classic form of a summary. On one hand, it adds a lot of contextual historical and institutional information which functions as an introduction to the solutions presented in the following chapters. On the other hand, it is based firmly on the results and conclusions presented by the authors of these chapters. Even if they are formulated in a different manner, it does not change their contents. However, out of necessity, it presents the matter in a synthetic manner, and many times simplifies the described problems.

The need to prepare a synthetic text arose in response to suggestions of the first readers, who said that 250 pages of expert texts require a great deal of time to read. In the current moment of a heated European debate that is too much. This text is considerably shorter, consisting of 25 pages, but does not replace the report. It serves to encourage reading the entire text and selected chapters, according to the reader's interests.

The scope of the report is proof that European integration is taking place in many areas and penetrates the everyday life of Poles to the extent that it has become an obvious, and thus unperceived, dimension of life.

1. Milestones of the history of the European Union and Poland's growth

European integration was initiated by the voluntary cooperation of six countries: France, West Germany (RFN), Italy, Belgium, Holland, and Luxembourg as a part of the European Coal and Steel Community. Undertaking this cooperation constituted a peaceful answer to the dramatic events of the Second World War – featuring mass bloodshed and the extermination of entire nations. This step, strengthened earlier by the American capital of the Marshall Plan, soon brought measurable economic benefits (a golden age of Western Europe's growth) and was the basis for further integration. After six years, the European Economic Community was founded with a customs union, and further development of a single market was written into the Rome Treaty (1957). The first common sectoral policy involved energy and later agriculture (1962), geared towards ensuring Europe's self-efficiency regarding the food supply by supporting the production of local farmers.

Concurrently, Poland, along with other countries of Central and Eastern Europe, found itself in the sphere of Soviet influence and did not adopt the Marshall Plan. In 1949 it joined the Council for Mutual Economic Aid (Comecon) formed in Moscow, which was, first and foremost, a tool of "Big Brother's" economic control.

After nationalizing the means of production in industry, all real properties, and infrastructure and fully centralizing governance, a 6-year plan of the forced industrialization was adopted. It was based on exploiting workers and executed under fierce opposition by the system's opponents. This led in 1956 to the first workers' resistance (events in Poznan).

Another economic plan was to mitigate the results of the dramatic imbalance between industrial investment and expenses for people's consumption. The new government (more socialist than communist) abandoned the collectivization of agriculture and Poland was one of the only countries in the region with the dominance of an individual peasant rural economy. As early as in the 60s, actions aimed at the development of industry were again undertaken, which due to the rising inefficiency of the central planning system, ended with subsequent workers' protests and a political crisis in the government of the Polish United Workers' Party (PZPR).

A constant dilemma of Poland related to development after the Second World War was to combine two contradictory requirements - strong accumulation of capital for industrialization and satisfaction of the basic living needs of people; in the 70s a strategy of plans was undertaken that combined both - the simultaneous growth of investments and consumption. This was financed from the country's debt. A few years of considerable growth of the consumption level accompanied by dramatically ineffective distribution economy management ended with a rationing of supplies, further protests of workers and a several-years economic crisis. Under these conditions, a political opposition was formed, which slowly matured to take over. At the same time, the communist regime of the Polish Peoples' Republic, which was economically weak, had been politically compromised with introduction of martial law, and was not fully backed by the Soviet Union, where perestroika was taking place, in February 1989 initiated dialog (discussions) as a part of the Round Table. There, they started radical political and economic transformations in Poland.

Transformation of the Polish economy and political system from a centrally planned and a command - distribution governance model into a market system and democracy, although it was fast and effective, required the extraordinary determination and effort of not only reformers but also a great part of the society, which joined the process of reforms and then "took the reins". When the European Union implemented other steps of integration in Poland, institutions (political, economic and social) were built from scratch, inflation was combated, denationalization of production property was carried out, central and territorial administration was reformed, administrative staff were trained, and the black economy and corruption were fought against.

The transformation problem consisted in the deficiency of capital. This blocked the development of infrastructure, indispensable for economic growth. Thus, new sources appeared. First, the country, which had been dramatically indebted in the 70s, obtained a reduction of debts (a remission by the Paris and London Club). Moreover, the World Bank granted considerable loans and subsidies to Poland. Secondly, in the growing dynamics, direct foreign investments were brought in. And thirdly, despite low household savings, their reshaping into investment became more dynamic. Transfers from Polish emigrants (remittances) were of great significance. The situation changed when Poland acceded to the European Union. EU funds used both by public and private entities were a considerable source of funding.

Transformation in the social dimension had many problems which with the perspective of time proved to be serious and which negatively affected further development of the country. Social policy aimed at protection of groups that were leaving or were excluded from the employment market at the expense of public education, financing research, and development and protection of health.

Insufficient investment in human capital in combination with the freedom of emigration, being a part of the EU, led to a serious deficiency of human resources in Poland and other countries of Central and Eastern Europe. This may become a serious obstacle to development in the future.

The European Union, more extensively undertaking the issue of the development and social policy as a part of the Lisbon strategy (Social Agenda), increasingly influences decisions taken by Member States, but with soft methods. Since these problems are the competences of national states, European policy in this field may only be of a supplementary nature. While changes that are presently being carried out in national social policy are not of an investment nature; they serve to increase consumption, which is directed towards realization of the political purposes of governing parties. In such a situation, the investment programme of the European Union has great meaning for the long term development of the country, compensating for national investment negligence. However, from the financial perspective of the near future, it is assumed that adjustment of the country to absorbing union funds will be more demanding, and must be directed clearly to innovative growth, resulting in formation of a knowledge economy. Undertaking this "innovative" challenge, Poland has joined the construction of a new civilization based on knowledge, diverging from industrial civilization, as it was put by Jerzy Kleer (2018) in the report "What does Europe strive to?"

2. EU Institutions and values

The voluntarily acceding European States declare respect and compliance to basic values, formulated at the beginning, and extended and specified together with each stage of integration. Despite the failure to adopt in Rome in 2004 a "Treaty establishing a Constitutional Treaty for Europe"[1], a catalogue of "European" values has been reshaped based on key treaty documents of the Community. These are not, of course, specific values. The majority of them are universal, growing out of the history and operation of international institutions (the United Nations and their main agenda) as well as individual countries. They include a wide scope of the freedoms of an individual, a strong basis in democracy, including respect for minority rights, implementation, principles of the rule of law, an investment in the international community and solidarity among states, respect for cultural plurality and biodiversity, and at the same time improvement of territorial and social cohesion, and economic responsibility for management of resources and common welfare.

At the same time, in the catalogue of EU values, there are some that can be recognised as particularly European because they indicate the principles of cooperation. Firstly, there is **subsidiarity**, which introduced the principle of participation of the individual, civic society organizations, territorial self-governments and the state in the Community institutional system. At the philosophical level, this means ensuring an indispensable scope of freedoms (and responsibilities) before aid from others is requested or willingness to provide it occurs. Referring to the social system, this means that the *ability to act is ascribed firstly to social actors. In case their actions prove to be unsatisfactory, then these competences and abilities move to more complex higher instances to finally - if any other social instance proves insufficient - transfer to the state's discretion* (Millon- Delsol 1996, p. 41-43).

Secondly, there is **solidarity**, which means a varied, depending on the wealth of a Member State, participation in expenditures for the common welfare of EU citizens, accepting as well the varied advantages (preferences for poorer countries and regions) that seek to achieve an equality of living conditions. This is expressed particularly as part of an agricultural, regional policy as well as development of EU social policy.

Thirdly, there is a **principle of social dialogue** which constitutes a platform of social participation in undertaking decisions concerning public matters. It obliges states to consultation and negotiation of

[1] The Treaty was not accepted by two Member States, France and Holland, and did not enter into force.

matters undertaken by various entities, mainly by social partners (trade unions and social organizations, associations and unions of employees) to achieve agreements and permanent mutual respect, particularly in the field of employment relationships and matters concerning the operation of local governments.

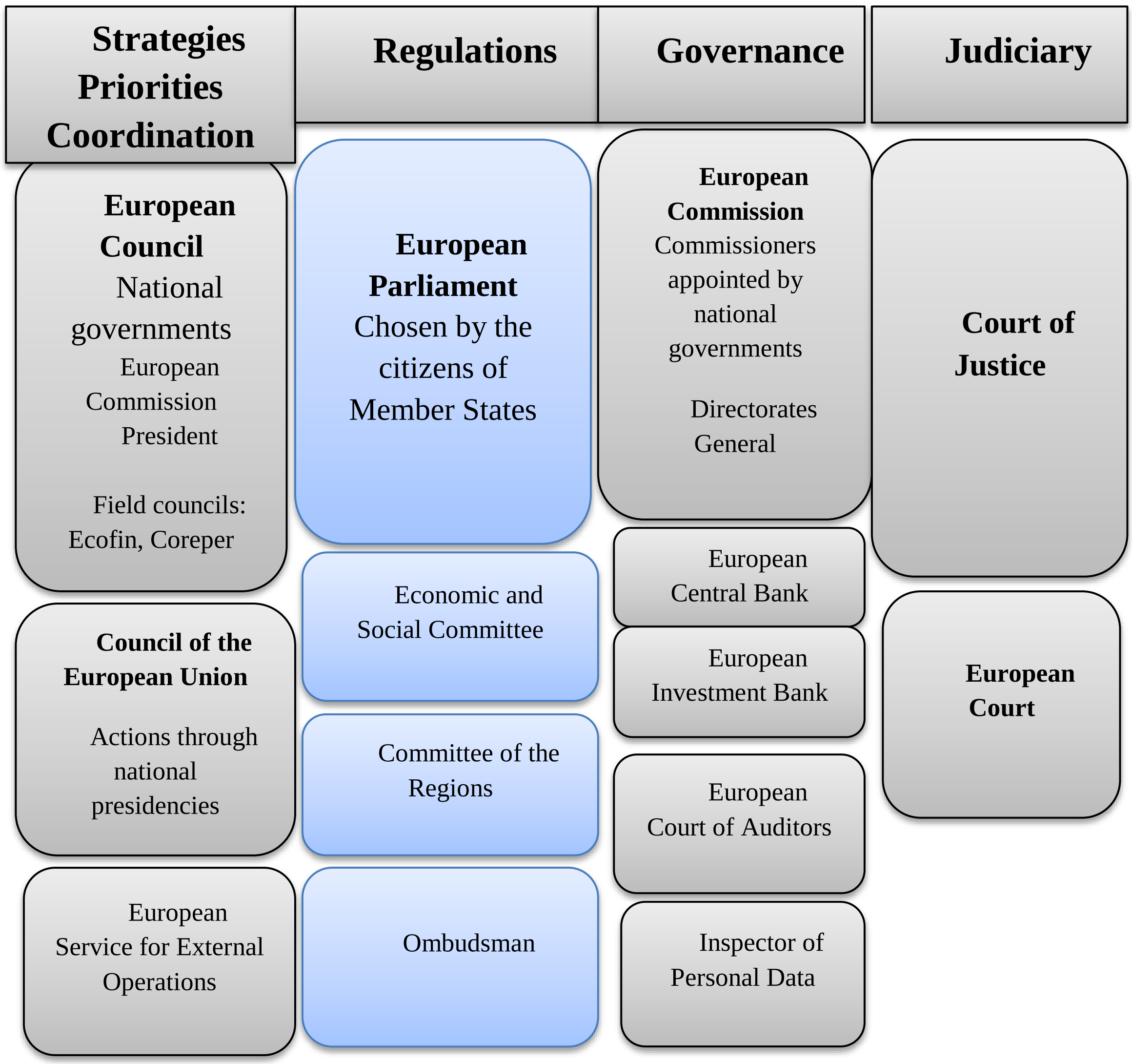
Fourth - Member States are required to respect **public finance balance**, which means balancing public expenses with revenues, according to Community fiscal rules (Maastricht criteria) consisting in limiting public debt and budget deficiency and introducing procedures in the case of an excessive deficit. *Nota bene,* this principle was implemented in Poland's Constitution, which in article 216, clause 5 says that the *state public debt cannot exceed 60% of the value of the annual gross national product.*

European integration supports national and cultural diversity according to the slogan **"united in diversity"**. The EU respects the national and regional identities of Member States.

The institutional bases of the EU are included in the Treaty of Lisbon adopted in 2007. This treaty increased the significance of the European Parliament, introduced the role of the President of the European Council and the EU High Representative for foreign matters and safety policy (European External Action Service). It also covered many other issues, including exiting the EU, determined the number of members of the European Parliament, the number of commissioners and many other details concerning organization of the functioning of the EU. The Treaty of Lisbon enabled a higher level of EU integration due to the Community bodies functioning more efficiently. At the same time, it did not undermine the principle that the European Union operates with limited competency, resulting from treaties, respecting the principles of proportionality, subsidiarity, loyal cooperation, and inter-institutional balance.

As a result of integration processes a structure of institutions has been formed which is unique at the international scale. Besides a classical separation of powers into legislative, executive, and judiciary, the EU introduced a strategic power which is a collegial body, requiring close cooperation between the Member States and their participation in the EU leadership (6-month national presidencies). Moreover, within the EU structure, institutions representing basic organizations of residents in various roles and situations function. The European Economic and Social Committee represents social partners (trade unions and unions of employees) and other groups of interests related to the labour market. The European Committee of the Regions speaks for regional and local governments as a part of their responsibility to ensure living conditions of European citizens in their places of living. The structure of EU institutions was presented in the following scheme.

Scheme: Structure of European Union institutions



Further stages of integration require development of new institutional bases and, in particular, carrying out a common foreign policy and formation of a basis for the European security and defence policy. Monetary integration of the Member States must also be completed.

3. The four freedoms of the European Union

The four freedoms of the European Union are a foundation for the common economic policy specifying the basic rules of organization and functioning of the Single European Market. Defined in and implemented since the 60s they were included in 1990 and confirmed in the Treaty of Maastricht (1992).

Free capital movement within the area of the EU and in comparison to third countries took place gradually by adoption of other capital directives**.** This process was completed as a part of the provisions of the Treaty of Maastricht wherein high restrictions both between the Member States and third countries were removed. This Treaty entered into force in 1994. Deeper integration of capital markets took place two decades later. Based on the investment plan for Europe, the European Commission triggered a leading initiative in September 2015: "The union of capital markets," which included actions for creation of the fully integrated single capital market until 2019.

Free movement of goods as a part of the internal market of the Community was first recorded in 1968. Custom duties and quantitative limits were abolished (contingents or amounts, besides some that concerned the agricultural market) and application of equivalent measures was forbidden. This led to a single market in the trade of goods. The advantageous effects of the liberalization of trade in goods was immediately seen in the increase of exports between the countries of the European Economic Community. Not only producers but also consumers have advantages from the existence of the single market. An explicit increase of the variability of goods available for consumers and a reduction of average prices took place.

Freedom of provision of services is governed by the services Directive (2006/123/EC) adopted in 2006. This means that an entity that has its registered office in one of the Member States has the right to provide services for entities from other Member States without a need to have any permanent establishment, branch, or representative office in those states. Its implementation has been taking place gradually; more slowly than liberalization of goods. Moreover, new departures are still occuring there that require EU intervention. Services for general interest are excluded from liberalization.

Freedom of mobility of persons and employees, written as early as in the Treaty of Rome, includes the right of a person and members of his/her family to enter and stay in another Member State, and to be treated equally with citizens of this country. It also includes the right to engage in work. Detailed provisions define the rights of employees sent abroad. Practical implementation of this freedom raised the most controversies during the negotiations that preceded a round of expanding the EU 15 years ago. A key factor was the common assumption that the combination of the noticeably big migration potential of new Member States with strong inequalities between old and new EU states would result in a mass flow of workers. And this is what actually happened.

4. Preparation of Poland to accession - institutional transformations and pre-accession funds

In the pre-accession period many institutional transformations were carried out in Poland both with regard to transformation of the centrally planned and command economy into a market economy and with regard to democratisation of the political system and the requested ways of governing in a democratic and efficient country which aspires to be a member of the EU. In the literature that describes this period, the actions taken are called "4d": decommunization, democratisation, decentralisation (with privatisation) and demilitarisation. The last "d" corresponds to the exit of Poland from the Warsaw Pact and the Soviet army leaving the country (Stańczyk, 1997).

Poland applied for accession to the European Union on 8 April 1994 after several years of negotiations and temporary solutions of the Association Agreement signed in December 1991. This formal step had great meaning both for triggering and consequent realization of new institutional solutions as well as for real economic processes. It favoured aid of international institutions (World Bank, UNDP, MOP), and not only of European countries (USA, Holland, Japan, Sweden, France, Italy, and others), the flow of direct foreign investments and so-called technical aid, counselling, and training.

Application meant for investors that Poland is a safe country to invest in, which from the economic point of view had great value. As early as in the second half of the 90s, the flow of direct investments had a remarkably high dynamic. In the next decade, the income of capital amounted to 7-1O % GDP (up to 2008).

In the pre-accession decade, the country's functioning was decentralised, thus creating local governments, government structures were determined, official staff was prepared, and directions of numerous reforms were determined. Poland has adjusted its anti-monopoly and public aid laws to EU standards. The Anti-Monopoly Office (today, the Office of Competition and Consumer Protection), responsible for growth and protection of competition, was founded. As a part of its competences, it also included public aid. Possibilities of financing restructuring programmes and methods of mitigating negative social effects that accompanied transformation were established.

Basic transformations of the banking system also took place as early as in the 90s. In the pre-accession decade, which was stormy for bank restructuring, concentration and consolidation processes took place. EU standards in management were being adjusted as well. Along with accession, the relative stability of the number of banking entities in all sub-sectors took place. Solvency, liquidity, and efficiency of the banking system did not lower even in the period of the international financial crisis in 2008.

The European Union initiated actions towards new Member States including Poland in the middle of the 90s. It helped restructured sectors and regions with the biggest transformation problems. Since 1997, EU actions were subordinated to Poland's need to accept the legal order of the EU *acquis Communautaire*, and since 2000 the EU supported actions that adjusted Polish institutions and the Polish economy to the principles applied in the Community. This aimed at implementation of standards, mechanisms, procedures, and infrastructure (e.g., equipment) that enable the use of EU funds after accession to the Community (the so-called New Orientation PHARE).

The EU offered Poland three pre-accession funds aimed at key areas of adjustment:

- PHARE (Polish Hungary Assistance for Restructuring their Economies) at the scale of 400 million Euro annually, aimed at infrastructure (construction of roads, sewage plants etc.), development of the private sector and support for enterprises, environmental protection, reform of public administration and state institutions, growth of social protection and employment, health care,
- SAPARD (Special Accession Program for Agriculture and Rural Development), 170 million Euro annually, designed for modernization of agricultural farms, agri-food processing (agri-food sector) and infrastructure of rural areas,
- ISPA (Instrument for Structural Policies for Pre-Accession), 600 million Euro in 1990-2003, addressed to local governments for big investment projects in the field of development of infrastructure of environmental protection and transport networks.

Pre-accession programs were a training ground for local government units, the public agenda, and economic and social organizations in acquiring skills to use the EU funds that require thier own input and fast adoption of modern management competences.

5. Accession - adjustment procedures and funds

Poland, when acceding to the European Union in 2004, became a member of the Community in its advanced institutional form. On one hand, this required intensification of the complex adjustment procedure, initiated as early as in the pre-accession period. The legislative achievements of the EU were significant. A need to form national institutions, compatible with those of the EU, emerged.

The EU programmes and financial aid in the first years of membership enabled the use of a range of community forms of aiding the economy, society, cultures, and training of staff in new Member States. The process of adaptation was fast and had many advantages. Absorption of the use of funds that were at the country's disposal in 2004-2006 (see table 1) was complete.

Table 1: Transfers from the European Funds to Poland in 2004-2006, Euro billion

Specification	Value in billions of Euro
Cohesion Fund	2.962
Structural Funds the European Social Fund, European Regional Development Fund, European Orientation and Agricultural Guarantee Fund, Fishery Support Fund,	8.559
Common Agricultural Policy, direct subsidies, aiding rural areas, restructuring and modernization of the food sector	4.059

Using European Funds proved to be demanding and even more so in subsequent periods. Relevant competencies were required from potential beneficiaries. Thus, big administrative centres, which have good universities, initially used the EU funds more extensively (Wójcik, 2016). The situation has relatively quickly changed along with preparation of local government staff to use new methods of designing and managing finances and with even bigger participation of Poland in regional and cohesion policy.

Transfers of funds from the common budget of the EU to Member States take place after directional and financial plans are adopted (National Strategic Reference Frameworks), determined for seven-year periods known as a financial perspective. This fact has also caused strategies and plans of long-term development to start being created in national policy. These also covered local governments and regional development strategies targeting cohesion policy aims which were created in each voivodeship (Golinowska 2011).

A rule in the transfer of funds is that it is not a direct flow, namely from the EU budget to Poland's budget. The EU funds are located in specialised funds designed for programmes that may be accessed by various entities from Member States that meet the criteria of the EU programme beneficiary. These may be governmental entities, local governments, public service entities, non-governmental organisations, and economic entities. Proportions of funds between the groups of entities are variable, they depend on the accepted strategies of EU development, undertaken policies and also on the needs of the Member State which will negotiate some exceptions, justified with the specificity of the developmental stage of its country.

Application for EU funds is often related to the competition procedure, to which an applicant is not always sufficiently prepared, especially because it has to prove participation of its own funds in financing the project (from 1/5 to 1/3 and more of its own contribution). Despite these difficulties, success of using EU funds by Poland in the first full financial perspective 2007-2013 was, on average, extremely high. In the present one it is more difficult[2].

From the beginning of Poland's membership in the EU to the end of 2018, from the EU budget 159.465 billion Euro reached Poland. Taking into consideration a contribution in the form of a membership fee, **the transfer balance is 107.537 billion Euro.** This is capital that Poland could have never assigned for the country's growth in such a relatively short time. As a part of EU funds, Poland obtained approximately 50% in relation to GDP in 2004. It is worth noting that these funds considerably exceed the funds transferred to the countries of Western Europe as a part of the Marshall Plan. Then, it was assumed that the sums transferred, the highest for Great Britain and France, would constitute 2% of the annual GNP for the period of 4 years. As a result, France would obtain approximately 11% in relation to GDP from 1948 and Great Britain - 21% in relation to the GDP from 1950.[3]

Table 2: Transfers from European Funds for operations in Poland
As a part of current financial perspectives: 2007- 2013 and 2014-2020

Settled to the end of 2018, billion Euro

Financial perspective 2007-20013		Financial perspective 2014 - 2020	
Cohesion Fund; funds mainly for infrastructure and environment and regional programmes	22.387	Cohesion Fund	7.318
Structural Funds - European Social Fund - European Regional Development Fund	44.705 10.008 34.697	**Structural Funds** - European Social Fund - European Regional Development Fund	13.875 3.494 10.381
Common Agricultural Policy - Direct subsidies - Market interventions - Rural Areas Development Programme	16.047	Common Agricultural Policy - Direct subsidies - Market Interventions - Rural Areas Development Programme	2.172

*Note –approx. 80 billion Euro can be spent for the entire cohesion policy

[2] The control carried out by the Supreme Auditing Chamber [NIK] in 2017 shows that there are dangers in using EU funds as a part of the cohesion policy until the end of the financial perspective (+3 years for completion of the programme), particularly referring to the regional operational programmes.

[3] Marshall Plan funds were the most effectively used in Western Germany, although their volume was not the highest; it was 40% of the sum for Great Britain (respectively 1.4 and 3.2 million USD).

Until the end of 2018, approx. two thirds of public investments were financed from the Structural Funds and Cohesion Fund, which considerably influences the progress of civilization, improving living conditions and the condition of the environment.

6. Sectoral policies of the European Union and their effect for Poland

Sectoral policies have been created over the course of the more than 60-year development of the Community concerning various stages of integration when problems were solved and challenges of a particular period were faced.

EU sectoral policies involve the Community taking over some of the competencies of national states to determine common actions for development of a particular field, which is known as the application of a shared competence. Energy policy, and then agricultural policy, was the first to be designed and executed.

Power industry

Community Energy policy did not stir up emotions. It was formed because common actions in energy security were set up. Initially, its object was not only energy from coal and nuclear energy (Euratom). During the oil crisis in the 70s, an energy saving action programme was undertaken. In the following decade, projects in the domestic energy market were initiated; however, without any successes in decision making. Only adoption of the Green Paper on European Energy Safety Strategy (2000) by the European Union, which included common policy towards natural gas suppliers, construction of the domestic electric energy market, strategies of the renewable energy development along with the principles of environmental protection, sped up EU regulatory processes in the energy field, although still in a limited scope.

Conversion of the energy sector in Poland from the beginning of the transformation were harmonised with European Energy policy. A fundamental change took place in 2006-2008, when consolidation of the national energy sector was carried out and introduction of the EU climate and energy policy was slowed down. This has led, especially recently, to the failure in realization of the national aim for 2020 (15% renewable energy in the volume of the final gross energy) and to the decreased value of domestic capital groups in energy.

Simultaneously, in other areas, cooperation with the EU has continued which has resulted in a multi-billion (over 17.5 billion PLN) Euro support of infrastructural investments and has ensured Poland the possibility of fully meeting domestic demand for natural gas with supplies outside Russia.

A continuing challenge of power industry growth is underdevelopment of energy from renewable sources and excessive CO^2 emission.

Agriculture

European agricultural policy was shaped to ensure food safety for the citizens of the Community. In reality, it was a protectionist policy – a protection against competition of raw materials and produce from third countries – and a policy that supported the income of EU agricultural producers.

Poland’s membership in the EU meant that common agricultural policy also included agriculture in Poland. Therefore, conditions of conducting agriculture have been improved by stabilization of agricultural and trade policy tools, the opening of EU markets, making EU instruments of financial aid for agriculture and rural areas available, speeding up transformation of the agri-food industry, and inflow of EU funds for development of infrastructure.

The most noticeable effect is the rapid improvement of the balance in the Polish trade of agri-food goods: from a deficit in the beginning of the 21st century to a more than 8 billion Euro surplus in 2017. Moreover, a considerable absolute and relative improvement in the income of agricultural producers and citizens of rural areas has taken place.

The influence of structural changes in agriculture is not uniform. Common agricultural policy has led to a deepening division into commercial and self-supplying agriculture. On one hand, modernization and strengthening of the commodity sector of Polish agriculture is taking place. On the other hand, EU direct subsidies, the transfer of some EU funds by the Polish government for the support of small and medium size farms, a preferential tax system and a system of health and social insurance for farmers, and principles of land turnover tightened in 2011 slow down the outflow of land and labour resources to a developing and competitive sector of agriculture.

Industry

The European Union, complying with its fundamental economic principle - competition within a single market, does not carry out an open industrial policy. However, in protection of European products on the global market – it indirectly aids industrial enterprises.

Firstly, through programmes that facilitate application of modern technologies, it finances and funds research that is useful for specific branches and companies, and supports processes where results are applied in an enterprise. Such first research Framework Programmes (EAPRIT, EUREKA) proved the usefulness of such an approach. Further, support for education and the mobility of technical and scientific staff was extended. This has become a basis for the further development of the programming.

Secondly - it supports small and medium enterprises as a part of regional policy and territorial cohesion. This approach also aims at advantages for the local labour market and promotes a low-emission economy. Enterprises obtain funds for start-ups, implementation of information and communication technologies and cooperation (clusters of innovation). In 2015, a program for stimulation of investment of small and medium enterprises known as the Juncker plan was initiated. Polish companies were leaders of those that benefited from the plan.

Thirdly, it does so by joining international value chains, often called value-added chains or supply chains. Presently, the production process consists in even bigger fragmentation, its elements are divided into a greater number of stages, in which a bigger number of companies at a greater geographical scale are engaged. Companies from various countries not only trade with goods and services, but also often work as a part of vertically or horizontally integrated production systems, sharing projects and techniques that increase productivity. As a result, global value chains create possibilities of accelerated knowledge and transfer of knowledge faster than in traditional international trade, where the transaction object are final goods. In this contemporary process of production and international exchange, Polish companies are present and active. They not only import parts for assembly to sell a product on the local market, but also absorb modern technology, process a product, and export it both in the form of components as well as services used in further stages of production. As a result, they specialize in a developed segment of the international production process, achieving a great and effective scale of production.

Thanks to European integration, Poland has joined very large scale international supply chains and was able to be promoted to a higher position. Ranking (OECD) including companies from various countries to international value chains twice showed Polish companies to have the highest dynamics.

Services

The liberalization process of services is longer and more difficult than of that goods. The EU directive concerning the above, known as the service directive, was only brought into effect in 2006. Moreover, it is still a regulated market, and European regulations collide with domestic ones.

For many years Poland has achieved a positive balance in service exchanges both at the global and regional scales. Although, in the structure of Polish exports, labour-intensive types still prevail, and Poland's competitiveness is based mainly on lower prices and costs, in recent years, we have been able to observe positive structural changes. The increased participation of modern service sectors as a portion of Poland's total exports should be included. These are services developed in the knowledge economy, which applies to modern technologies such as telecommunications, computers, information, and business. One of the positive trends in Polish exports that should be emphasised is the increased competitiveness and significance of computer services in the domestic, EU, and global markets.

Regulation barriers concerning road transport services, which limit the current advantages of Polish transport companies in the area of the common market constitute a problem of recent years. Liberalization of the European market in this field is a challenge for all its participants.

Environmental protection

The environmental policy of the Community was, in the beginning, a supplementary action as a part of other policies that included alleviating the results of contamination. Only at the end of the 80s (Single European Act), did environmental policy obtain the status of an independent sectoral policy. Its domain is development of actions for the preservation of natural habitats and prevention of damage to the environment. Presently, these actions are a priority given the threat of climate change and mass air and water contamination. Meanwhile, in the Union, as well as in other contexts, there is no agreement with regard to the scale and dynamics of intervention.

In the process of the Polish systemic transformation, environmental protection, which is an important social field, has also become an important economic sector. Due to a restrictive law and unique in the world system of non-budget ecological funds, as early as in the first period of transformation, considerable progress in water and air protection took place, but there were still many problems to be solved.

Together with accession, Poland had to adjust to the high standards of environmental protection required by the EU. EU funding programmes, such as the Cohesion Programme, changed in 2007 into the programme "Infrastructure and Environment" and the LIFE+ programme is a major help in meeting these standards. In total, from 2004-2017, Poland obtained over 15 billion Euro in the form of subsidies from these programmes. No other Member State has obtained such great financial support for environmental protection. Thanks to these funds, water and sewage system investments were carried out for on a great scale, projects of reducing carbon dioxide emission were developed and many programmes of environmental protection were executed. There are still many challenges and new programmes are necessary, remembering that a clean environment means better health of citizens, protection of nature, higher yields in agriculture, better condition of forests and smaller material losses in the economy.

Transport

EU transport policy has been treated from the beginning as an indispensable element of the single market growth. The main regulations were adopted in the beginning of the 60s: the Schaus Memorandum on the trends of transport policy (1961), an operational programme for introduction of a single transport policy (1962) and the transport directive (1962). Together with other stages of EU expansion, the number of problems related to trans-European network construction, which were the main trend of the transport policy, increased. With time, tasks related to the policy of territorial cohesion and environmental protection were added. This caused transport policy to become more a horizontal policy and less a sectoral one. New Member States have benefited from this.

The long-term underdevelopment of Polish infrastructure caused great investment needs on the verge of membership in the European Union. Even now, they are considerable. With the help of EU funds, a portion of the most important transport roads has been built. The technical traffic capacity of roads and spatial availability in the entire country have greatly improved. Needs concerning transport infrastructure are carried out as a part of the EU regional and cohesion policy. From the Cohesion Fund, aid is given in railroad, inland and marine transport, intermodal transport systems and their interoperability, management of road, marine and air traffic, organic urban transport, and public transport means. The projects that are carried out, serve to reduce differences in socio-economic development, increasing the access of citizens to marketplaces and public services.

The impact of EU membership on the improvement of spatial availability is considerably positive. The total net effect of road investments alone is estimated to be around 25% in passenger traffic and 12-15% in goods traffic. In 2005-2019, the area of Poland has become more available for the citizens of Europe and the biggest national centres are more mutually available. A poly-centric system of residential networks has been strengthened and some processes of transport exclusion in Eastern Poland have been reduced. EU support for the Polish transport system (in particular, roads) thus favoured fulfilling the purposes of domestic cohesion and spatial policy (including provisions of the Concept of Spatial Management of the Country 2030). Moreover, the EU principles behind such operational programmes, as well as specific transport projects, guaranteed a continuity of the Polish transport policy, regardless of the changes introduced by subsequent ruling groups.

The best effects have been achieved in road transport but have been relatively smaller in rail transport, where the investments supported by the EU slowed down the trend of reducing rail's participation in the division of the transport work of the country, observed since the 80s.

The current development of infrastructure evaluated at the regional and local scale leads to a more varied opinion. Although the quality of life has improved in many fields, polarization with regard to availability and thus in the scope of development chances has increased. In some parts of the country, a reduction of spatial availability has taken place, known as transport exclusion. This constitutes a challenge for further investing activities.

Higher education

Poland's accession to the EU led to harmonising the operation of Polish universities with other European Universities, according to the purposes set out in the Bologna process. This European long-term project changed the curricula and organization of studies in Poland, developed bachelor studies to a greater scale and popularised education mobility. EU funds for universities increased their investment potential, helped to construct new and to modernize old buildings, and obtain modern equipment including research equipment, enabling introduction of new teaching technologies.

A positive aspect of Poland's membership in the EU also concerns the increased international mobility of students and university employees in the framework of the subsequent Erasmus programme options. Education abroad not only increases abilities and experience related to learning a foreign language and other cultures but also develops personality which is indicated by students as the most important effect.

The scale of trips abroad of Polish students, compared to students from other countries, is quite low and the use of EU funds in expenditures for higher education in recent years have been insufficient, although the needs are still great, especially as we still modernizing higher education. Also, the participation of Polish scientists in research programmes funded by the EU is unsatisfactory (Framework Programmes and Horizon 2020).

Culture

EU policy in the field of culture and arts is only supplementary to national politics. It reflects values addressed to the Member States which share them because they were adopted with accession.

The EU approach to culture is multidimensional. It includes respect for a rich and varied cultural heritage of Europe, freedom and support for creativity, access of people to art and pieces of art and support for infrastructure and cultural activity as a factor for development of European regions. National projects carried out as elements of the cultural policy of the Member States are funded with structural funds. EU aid also covers industries of culture (branches of so-called creative economies).

In Poland, the use of EU funds for culture was quite fast and intense. As a result, we can find modern theatres, music halls, museums or art education buildings in each big city, constructed from the subsides of European funds. Reconstruction of material cultural monuments is accepted with the society's recognition. European support is used in particular by Polish cinematography which is successful in the artistic field.

Presently, there is some pressure being exerted specifically to create a European cultural policy, although decisions concerning cultural development belong to the Member States' competences. A debate on admitting stronger tools of impact concerns those fields and actions of culture and art which develop the feeling of the community and European citizenship with the simultaneous respect for the heritage of countries, regions, and cities. Contemporary debates and regulations also concern the problems of protecting the rights of artists and performers regarding digitalisation and free access to the internet. For the benefit of the social protection of artists and performers, work on artists' status, which presently constitute a subject of discussion in Poland, is being carried out.

7. Regional and cohesion policy of the European Union

It is a novelty and specificity of European integration that it is carried out not only in sectors and through governmental institutions, but also horizontally - directly through the regions of the European countries. As early as in the 60s, work on the institutionalization of regional policy commenced and the Directorate of the European Commission for regional affairs and the Committee of the Regions were founded. In 1988 a cohesion policy was set up to supervise regional policy addressed to underdeveloped regions of the EU.

As a part of the regional and cohesion policy two aims are carried out: reduction of differences in growth and in the living conditions in the territorial (regional) cross-section and identification and strengthening of the so-called endogenous factors of development as a basis of growth in the entire EU. Combination of these two aims in practice has proven to be difficult and often contradictory. Regions which were at a higher stage of economic growth and wealthier, especially those with big urban agglomerations, had greater chances for a dynamic growth.

Realization of this seemingly contradictory regional policy for several decades of European integration (30 years of the cohesion policy) has resulted in positive effects in both directions. On one hand, the so-called intelligent regional specializations are discovered and stimulated and on the other hand, differences in the living conditions of people in various EU regions are equalised. On one hand, the so-called urban agenda develops, which brings together European cities (Euro cities) in carrying out innovative policy and environmental protection, e.g., digital economy and closed-circuit economy. On the other hand, regions with the biggest problems of growth, e.g., dramatic ageing, depopulating (Northern Sweden), or those that maintain themselves on the natural economy, are supported. A special cross-region programme was created for Poland that aims at a “growth push” of five voivodeships of Eastern Poland: Lubelskie, Podkarpackie, Podlaskie, Świętokrzyskie and Warmińsko-Mazurskie, which at the moment of Poland's accession to the European Union were the least developed regions in the entire EU.

The cohesion policy had a great significance for new Member States whose development and level of living in the majority of regions dramatically diverged from those in the old EU states. In both financial perspectives 2007 – 2013 and 2014 – 2020, Poland has been the main beneficiary of the cohesion policy (respectively 67 and approx. 77 billion Euro). The Mazowsze region (which includes Warsaw) is among the 20 biggest beneficiaries of investments from the European Regional Development Fund (approx. 6 billion Euro as of 2016). Andalusia (Spain), Campania (Italy) and Norte (Portugal) with their respective amounts are leading in the ranking: 22 and 13 billion Euro each.

Table 3: Operational programmes as a part of cohesion policy

Perspective 2007-2013		Perspective 2014-2020	
Operational programme	Value	Operational programme	Value
Innovative economy	8.7	Intelligent development and digital Poland	8.6 2.2
Infrastructure and Environment	28.3	Infrastructure and Environment	27.4
Development of Eastern Poland	2.4	Eastern Poland	2.0
Human capital	10.0	Knowledge Education Development	4.7
Technical Assistance	0.5	Technical Assistance	0.7
16 Regional Operational Programmes	17.3	16 Regional Operational Programmes	31.3
Total	67.2	Total	76.9

Since the Treaty of Lisbon (2007) the cohesion policy in the majority of cases related to dynamization of economic growth and employment, and redistribution between wealthier and poorer regions is to accompany this policy and is not of autotelic value (not an aim in itself).

The cohesion policy after 2020, according to EU plans, will not have such funds at its disposal as it has had so far. Growth investments will yield to others: safety, migration, and defences.

8. Social policy of the European Union

From the beginning, the European Union was mainly an economic and political project, and not a social one. Social values were present in the catalogue of principles that shape the community, but European policies were carried out with the belief that the effects of economic actions would bring obvious social advantages. With time - in response to the challenges of the labour market, demographic changes, and postulates of evening up developmental differences - a social component was also included in the European integration programmes.

In the expanding European Union, strategies concerning mainly the labour market (the Treaty of Amsterdam and the so-called Luxembourg process) but also social insurance and combating poverty and social exclusion (inclusion or social integration programmes) have started to be executed. Still social policy is a domain of the Member States and the EU influences its directions with “soft” methods, formulating recommendations, promoting common social aims, and supporting their implementation with EU funds.

At the end of the last decade, social objectives were placed directly in the regional policy and cohesion policy. The main slogan was the development of public services. According to this, each Member State of the EU is obliged to supply public services in the place people are living and to ensure them a relevant standard. There are three types of services: First, economic services, including supply of water, energy, gas, and collection and disposal of waste. Secondly, services that ensure safety, information and mobility, telecommunication, post, or transport services. And thirdly, services that satisfy the basic social needs: health, care, housing, the local labour market, and social assistance , which covers in particular the needs of citizens from weaker social groups.

Due to European Funds, day care institutions have started developing, which not so long ago could not have been promoted given the belief that the family should be dominant (mother's care) in child care and education policy. Pre-school investments have led to the situation that for the first time in Poland, the index of children of a suitable age attending pre-schools has clearly exceeded 50%. In health protection, investments have been made in equipment and restructuring of hospitals, infrastructure for medical rescue services (ambulances, helicopters, and landing fields) and modern equipment. In the face of significant negligence, modernization of infrastructure and access to indispensable equipment that enables the use of new medical technologies is undoubtedly a great achievement. However, it does not reduce the biggest problem of health protection - a deficiency of medical staff. This problem also requires EU policy related to evening out advantages/disadvantages resulting from migration of medical and care staff.

The EU does not have competences in the field of school education. This area is subject only to national actions. This situation does not stimulate shaping a modern system of education of children and young people in Poland. On the contrary, in Poland school education has become an area of sometimes controversial educational experiments and negligence concerning school curricula. The European Commission is presently preparing directed actions for education (and early childhood education and care), recognising it as a foundation for the future success of young people and shaping compensating social values. In Poland, these programmes have started to be used. The development of day care facilities is a good example of this.

9. Summary of benefits

Advantages from European integration have many dimensions and occur in many fields. They are often short-term and the effects of the realisation of developmental aims are evident only after a longer period. They cannot always be measured and indicated as a specific impact of the "European factor". In the range of growth determinants, they operate correlatively creating an effect of synergy.

Most generally, one may confirm that due to accession to the EU, which supports further economic transformation, a civilization jump took place in Poland without precedence in the history of the country. The development of cities and urban areas, transport and communication infrastructure, material conditions of life, apartments, services, and trade is visible everywhere. This is the basis of an extremely high (and stable since 2004) social assessment of Poland's participation in the EU (85%), which is also proved by the results of the European Values Survey (EVS) described in the second chapter of the report.

Due to participation in the Community, institutions have been founded and strengthened, resulting in a feeling of freedom, safety, and openness for individual and common actions. This feeling incites an expression of creativity visible not only in culture and art but also in the development of entrepreneurship and innovation of companies that efficiently join international supply chains.

European values, such as subsidiarity, solidarity and social dialogue have become the norm of social relations, although in practice they have not been respected without conflicts and difficulties.

European policies have strengthened local governments and non-governmental organisations cooperating therewith. This has increased a socially positive assessment of the activity of local and regional governments.

The regional and cohesion policy has caused an equalisation of regional development levels. The effects of equalisation can be shown in an extended period and throughout the Member States. Indermit Gill and Martin Raiser (2012), experts of the World Bank, analysed changes in consumption along with other stages of EU extension and concluded that European integration favours an unbelievable convergence of living conditions in Europe. They assessed that accession has brought the acceding states (including those from Central and Eastern Europe) an increase of consumption *per capita* at a rate twofold higher than in the older EU states (respectively 4% and 2%). They called this an unbelievably efficient convergence machine.

Presenting advantages from European integration in the quantity view, firstly it indicates advantages in foreign trade, emphasising that since 2004, commercial traffic of Poland with European countries has risen threefold. Agri-food products have a great participation therein. The value of their export in 2004-2017 increased more than five times and their contribution to the total export have increased from 9% to almost 14%.

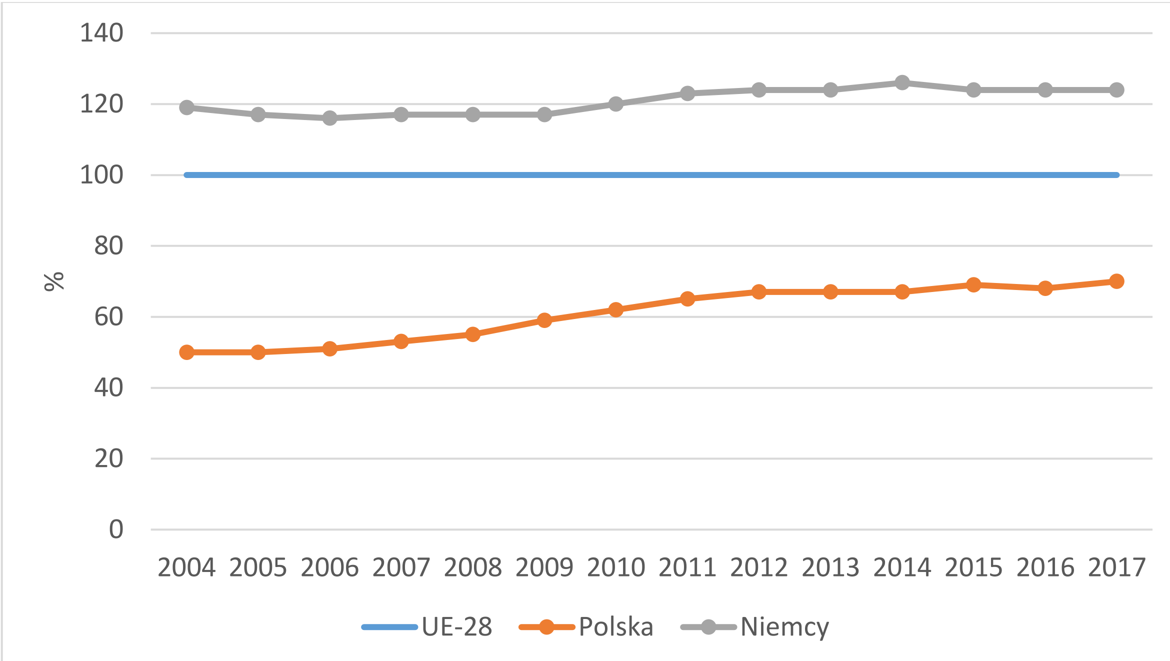
In commercial turnover, participation of services, and not only traditional ones, have increased considerably (sevenfold). These included construction, transport, and reconstruction and maintenance services, but also telecommunication, computer, IT, and business services. Liberalization of services additionally affects work efficiency. EU experts estimate that the free movement of services has led to an increase in work productivity by as much as approximately 5% (Monteaguoo et al., 2012).

The free movement of people and workers has brought varied effects: favourable individually and less favourable socially for Poland, taking into consideration deterioration of the demographic structure. However, at the mass scale, it has activated a young generation whose mobility in the European region leads to undertaking brave decisions in economic activity.

Despite clear successes in implementation of the four freedoms of integration, which serve to create the single market in the EU and the advantages resulting therefrom, there are still many barriers in its real action in domestic markets of the Member States. This has also been experienced by Polish citizens and companies that operate in other EU countries. The expert opinions of the European Parliament described in the report (chapter 19) show that the sum of disadvantages of various real barriers for all EU countries may be almost 8.6% of the GDP of the EU.

Assessment of the advantages of economic growth is based on estimations, which show positive directional effects. In the last two decades, Poland has been developing at an average rate of almost 4%, namely by approx. 1.5-2 percentage points faster than the old European countries. Thus, the level of income, *per capita* has shifted from the level of approx. 45% in 2004 to 70% of the average income in 2017 in the EU 28 (Eurostat 2018 online).

Diagram: Increase of the GDP *per capita* in Poland and Germany in relation to the average value of EU 28 (in ppp) assumed in each year as 100 .



Source: based on the Eurostat online

A basic factor of the convergence process was the European integration with the capital, technology, and institutions it provided. When compared to Germany, which is a usual reference point for Poland, a rate of economic growth in 2004-2018 in Poland higher by 2.5 percentage points (respectively 3.9% and 1.4%) caused the GDP *per capita* in Poland to increase from 40% to 60% of income *per capita* in Germany (after taking into account purchasing power parity). If it was not for the accession effects, approaching Germany would be slower (from 40% to 50%) or it might have not taken place at all.

Summing up, it is worth thinking about the alternative scenarios of the country's development after 1989 and ask oneself whether it would be possible to fight over the problems of transformation without the institutional and capital support of the EU programmes and funds.

Transformation from a centrally planned economy into a market economy took place in Poland with considerable social shields for people who were leaving the labour market early (professional deactivation), had been released from declining and restructured work establishments, and for people who were not qualified to take up new positions. Social expenditures were high. A necessary increase of investments took place from external funds: direct foreign investments and EU funds. Poland was the biggest beneficiary of the EU funds for many years. According to the analyses of the Ministry of Economic Development since Poland's accession to the EU, it has increased GDP growth by one quarter (by approx. 1 percentage point each year).

Advantages from European integration for Poland are not isolated and do not take place at the expense of other Community members. Good results of the EU enlargement in the integrated system are bilateral. A German sociologist - Ulrich Beck (2009 p.13) - said about the meaning of Poland's accession to the EU: *"The fact that Poland is a member of the EU constitutes for both parties a historical achievement with invaluable significance. There is no doubt that the European Union strengthens Poland, both the government and citizens and does not limit the Polish sovereignty but enriches it."*

10. Main challenges

The main challenges of further integration of Poland with the EU may be analysed by accenting it more from the Polish than the European perspective. This was presented in the report in this way, although the awareness of bigger present barriers to European integration (of a more political than economic nature) means that possibilities and even the validity of Poland taking further steps are being carefully assessed. However, there are areas which require more intense internal actions, regardless of how institutions or integration will be extended. This depends on domestic policy and whether it will trigger factors for further growth and more effective use of European Integration. Domestic policy will influence access to benefits of already existing programmes and integration mechanisms and those planned for the next years (2020-2027). The basic challenge, next to preparation for joining the Euro zone, is the **increased impact of the innovation factor on further development of the country.**

Innovation

Innovation has become a key developmental aim of the EU as a part of the "Europe 2020" strategy - intelligent, balanced, and growth integrating. It was declared that an innovation union will be formed as a result of the innovation policy, combining actions for research and technological development with creation of conditions that favour introducing the results of this research to enterprises in order to improve their products' competitiveness on the market with the hope of raising the level of innovation to that of the USA and Japan. The main thrust of the innovation policy, as declared in 2010, was the support and development of research indicating a target index of 3% input on R&D (research and development).

When assessing innovation from the perspective of the commonly used index of R+D[4] inputs it is concluded that economic innovation in the 90s was neglected in Poland if very low expenditures on R+D (only approx. 1% of GDP) and insufficient cooperation of enterprises with research institutions is considered. Since then, development of innovation in Poland has been favoured by export of even more technologically advanced goods and the development of international economic relations. Poland and the entire region of Central Europe have based their growth on fast integration with developed markets and transfer and diffusion of technologies from foreign investors.

Poland's' accession to the EU caused a significant increase of expenditures on innovation. EU funds aided expenditures for research and development, creation of new, innovative companies, and integration of Polish research with the research carried out in other European countries. However, the innovation of the Polish economy has no dynamics corresponding to its economic potential and social aspirations, and in recent years it has weakened. Overcoming this situation is a great challenge that puts

[4] The index includes one side - expenditures and not their effectiveness. Thus, alone it is not a fully adequate measure of the innovation of the economy.

benefiting from European Funds in a new perspective (after 2020), given that programmes will be decisively more directed to innovative entities and actions than before.

Monetary and fiscal policy

Fiscal policy, the object of which is creation of state income and its expenditure for agreed on public purposes with the use of balancing rules, is a competence of the Member States. Historical experience proved that balancing of public budgets has not always been a respected objective of the macro-economic policy of the governments of many countries. The possibility of influencing the fiscal policy of Member States was a subject of a debate as early as in the 80s. This resulted in introduction of the so-called Maastricht criteria (1992) with an admissible scale of deficiency. Foundation of the European monetary union (1999), namely one currency and the European Central Bank, increased the conviction of the need to found a fiscal union. This was confirmed by the financial crisis in 2008, especially severe for the Euro zone states. The Stability and Growth Pact (2011) demonstrated that further attempts to influence EU countries to stabilize public funding, without however, founding the fiscal union were made.

The fiscal union would mean a common policy concerning the scale and structure of a considerable portion of public expenses in order to have a stabiliser mechanism. Communitarisation of expenses has many advantages, resulting in an adequate scale and a greater effectiveness of expenditure, both recognised as European priorities, e.g., for strengthening the single market or for scientific research and innovation. The common fiscal policy would favour reduction of market pressure and lower taxes during recession and would incorporate the national fiscal policies of EU countries.

So far, the fiscal union has only remained a plan. National aims of fiscal policy and, in particular, fears of permanently funding the excessive expenses of other countries, and differences in preferred macro-economic policies constitute barriers that cannot be overcome. Moreover, promising slogans such as “euro zone budget” or “coordination of fiscal policy” are ambiguously interpreted in particular countries. They mean one thing in France and Germany, and a completely different thing in Italy and Poland.

The lack of a real time perspective of setting up a common fiscal policy for EU members means that national fiscal policy remains a key element in place of the limited role of the EU mechanisms of stability. Its efficiency depends on the possibility of financing domestic budget deficiencies in a time of crisis. This means that during an economic situation, a low level of national public debt should be maintained, in other words, carrying out a relatively conservative fiscal policy (low budget expenses). This approach presently has no place in Poland.

Euro

In the Treaty of accession, Poland agreed to accept the Euro as its national currency, but the data were not established. A financial crisis in many countries of the Euro Zone, which resulted from the global financial crisis in 2008, considerably reduced support for replacing the Polish zloty with a European currency. It is interesting that in the same euro zone, trust for the common currency has not decreased. On the other hand, a belief has been adopted that belonging to the monetary union did not protect these countries from the danger of bankruptcy. It has turned out that the most important driver for stability of the currency union is maintaining unit costs of labour in the Member States at a similar level which results in similar competitiveness.

In 2010-2011 new institutional solutions were introduced. They aimed at stronger regulations as a part of fiscal and competitiveness policy for achieving more permanent stabilization. These were: the Treaty on stability, coordination and management, the so-called European semesters and a regulation packet, the so-called six-pack. Moreover, supervision over the financial markets was strengthened in 2001 by appointing three new supervising institutions.

Efficiency of respecting financial discipline in the Member States will depend on the efficient enforcement of the EU fiscal principles (e.g., by setting additional sanctions for a failure to comply with them).

Arguments for accepting the Euro by Poland are multiple. In the face of the growing importance of international trade, the threat of increased exchange rate fluctuations has taken on strategic meaning. Additionally, staying outside the euro zone increases macro-economic risk from the perspective of global financial markets; it causes the increase of interest and limits direct foreign investment. Higher percentage rates decrease national investments and raise the costs of servicing both public and private debt.

Experiments of the Euro zone have shown, however, that advantages of the common currency concerning wider access to capital and better funding conditions are not guaranteed without compliance to the fiscal zone.

The economic and political costs which result from Poland's staying outside the Euro zone, will increase. In the strategy of euro acceptance that must be adopted in Poland, the quality of the national monetary and fiscal policy has a fundamental meaning, enabling fast introduction of the Euro. Meeting the fiscal criterion (improvement of the results of the public finances sector by 3-4% of the GDP) is significant even now and changes related therewith would lead to further steps in preparation for Euro acceptance.

Extension of integration

The European project is going through a difficult moment and not only because of Brexit, but also due to the sceptic (and even antagonistic) feelings of some national political groups towards European integration. At the same time, EU citizens' trust in the institutions and actions of the Community is higher than in their own governments; but this difference is lower than in the period before the 2008 economic crisis.

In this period of deterioration of the atmosphere for European integration, a plan for the financial perspective for 2021-2027 was prepared. It was accompanied by a debate on the EU's future which was reflected in the document by the European Commission "White Paper on the future of Europe". The EU's future was described in five various scenarios. (1) continuation, (2) focus on the single market (nothing besides), (3) many speeds (those who want to do more), (4) do less but more effectively (focus on priorities), (5) extend integration: do more together.

Assessment of the scenarios among European leaders was varied. Emmanuel Macron postulated the most ambitious integration. Other leaders suggested the need for better preparation of European societies to expand integration. They also paid attention to the need to improve the EU and national institutions that protect European foundations and enable construction of new ones in other areas.

Polish experts were speaking more in the spirit of the fourth scenario, namely, less but more effectively. At the same time, they spoke for the country's accession to the Euro zone.

Meanwhile, the Polish government references Charles de Gaulle's concept - a union of national states, namely a union that is so weak that it was not taken into consideration in the scenario of the future of the integrated Europe. The political debate over the Polish position has not ended yet.

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Based on next chapters of the report

Jerzy Wilkin (institutions and values); Joanna Konieczna-Sałamatin, Mirosława Marody and Maja Sawicka (EU values in the eyes of Poles), Paweł Kaczmarczyk (migrations); Jan J. Michałek (freedom of the flow of goods), Andrzej Halesiak (freedom of capital flow), Stanisława Golinowska and I. Topińska (EU social strategies), Anna Fornalczyk (competition and public aid), Richard Woodward (innovations), Grzegorz Gorzelak (regional and cohesion policy), Andrzej Kwiecińnski and Katarzyna Zawalińska (agricultural policy), Przemysław Kowalski (single market), Anna Malinowska (flow of goods), Wiesława Kozek (public services), Magdalena Kąkol (commercial services), Maciej Nowicki (environmental protection), Grzegorz Wiśniewski and Andrzej Cylwik (the power industry), Tomasz Komornicki (transport), Urszula Sztanderska and Jacek Liwiński (higher education), Dorota Ilczuk and Anna Karpińska (culture), Mateusz Szczurek (finances), Stanisław Gomułka (the Euro) Paweł Wojciechowski (challenges of integration)

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Appendix: Calendar - milestones of the historical development of the Community and Poland

Years	**EU - European Union**	**Poland**
1951	European Coal and Steel Community, France, Germany, Italy, Belgium, Holland, and Luxembourg (Benelux states)	Comecon- Council for Mutual Economic Assistance (1949): Bulgaria, Czechoslovakia, Poland, Hungary, and The Soviet Union Forced industrialization plan (1950-1995)
1957	European Economic Community - Treaty of Rome, abolishment of custom duties and development of the single market. Energy policy	"Poland's way to socialism" (departure from collectivisation of agriculture) Five-year plan 1956-1960
1960s	Common agricultural policy (1962) and Customs union (1968) and four freedoms, foundations of the transport policy	Another stage of industrialization – 2nd 5-year plan (1961- 1965) Failures of the 3rd 5-year plan 1966-1970

Turn of 60s and 70s.	Foundations of the European regional policy - DG for regional policy	Political crisis; the end of Gomulka's epoch
1973	The first expansion: Denmark, Ireland, and Great Britain	Another stage of industrialization (modernization) and improvement of consumption paid with loans - 4th 5-year plan 1971-1975
1975	European Regional Fund	1976-1980 5th 5-year plan New territorial division - 49 voivodeships
1979	First elections to the European Parliament	Economic and political crisis - foundation of Solidarity – independent trade unions and movement
1981-1985	Accession of Greece	Martial law (1981-1983) A three-year plan (1983-1985) "of reconstruction"
1986	The third expansion: Spain and Portugal Single European Act - formation of the new common European market	6th 5-year plan 1986-1990 Messner's reforms
1987-1988	Establishment of the cohesion policy (1988)	Liberalization reforms of Rakowski and Wilczek
1989-1990	Inclusion of the regional level to European policy	Round Table and partially free elections 4.06.1989 Balcerowicz's plan - market economy Anti-monopoly act Act on local government
1991	Inauguration of the European Bank for Reconstruction and Development - EBRD in London	Termination of the Comecon and the Warsaw Pact Agreement with the Paris Club (reduction of Poland's debt by 50%). Signing the European Union Association Agreement (December 1991) Tax law, new budget law. Act on public turnover with securities, founding of the Stock Exchange and Commission of Securities.
1992-1993	Treaty of Maastricht - Foundation of the European Union based on three pillars: economic, political, and police-judiciary union. Foundation of the Economic and Monetary Union, formulation of convergence criteria. Establishing EU citizenship Foundation of the EU Committee of the Regions	Withdrawal of Soviet armies from Poland (1993) Agreement with the London Club (1993 (reduction of the Poland's debt to private creditors). Act on financial reconstruction of banks and enterprises (1993)
1994	Foundation of the Cohesion Fund	Application for accession to the EU 1.04.1994
1995	Fourth expansion: Sweden, Finland, and Austria	Denomination of the Polish zloty Leaving the transformation crisis Strategy for Poland
1996		Foundation of the Committee for European Integration
1997	Amsterdam Treaty - common strategies: employment strategy, environmental protection	Constitution of the Republic of Poland 1997 and declaration of the social market economy
1998	European Central Bank	Monetary Policy Council

		Act on the civil service
1999	Common currency: Euro in non-cash transactions and common currency	Poland becomes a NATO member Four reforms: pension, education, health, and administration A three-stage territorial division of the country: 16 voivodships, 380 provinces (districts) and 2477 municipalities
2000	European Research Area EU Social Agenda and Lisbon Strategy EU Charter of Fundamental Rights	Foundation of the Polish Agency for Development of Entrepreneurship Implementing a civil service act
2001	Treaty of Nice - foundation of the European Communities	Informing about prices - act from the area of consumer protection
2002	Monetary union and formation of the Euro zone	Direct elections of : heads of commune (voyts), district heads (starosts), city mayors and voivodship marshals
2004	Fifth expansion of the EU (part I): Poland, the Czech Republic, Hungary, the Baltic countries, Cyprus, and Malta	Accession to the EU – 1st May 2004 National Strategy for Social integration
2005-2006	Service Directive (2006)	Ministry of Regional Development coordination of European integration issues (31 Oct 2005) National Development Plan 2004-2006 Formation of the Financial Supervision Commission
2007 2008	Treaty of Lisbon Fifth expansion of the EU (part II): Romania and Bulgaria	New government of Civic Platform [PO] and Polish People's Party [PSL]coalition National Development Plan 2007-2013 Poland joins the Schengen Agreement
2009 2010	Treaty on the Functioning of the European Union Accepting the Euro in Slovakia	Sectoral strategies Regional Development Strategy Voivodeship Agreements
2011	Estonia adopts the Euro Strengthened budget and macroeconomic supervision - the so-called six-pack	Polish presidency in the EU
2012	Treaty on Stability, Coordination and Governance in the Economic and Monetary Union	Changes in the bank law and the act on financial instruments' turnover; Adjustment of the requirements of EU financial supervision
2013	Sixth EU expansion - accession of Croatia	Raised family benefits and introduction of parental leave
2014 2015 2016	Latvia and Lithuania adopt the Euro Juncker's investment plan - stimulation of strategic investments.	New majority government - Law and Justice Party (PIS). Change of the act on the civil service Mid-term strategy of responsible development
2017	European pillar of social rights	Introduction of universal monetary child benefits "500+"