Naczyk, Marek

**Taking back control: Comprador bankers and managerial developmentalism in Poland**

*Review of International Political Economy*

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# A.9.quotes-mechanism.1a – Barriers to managerial autonomy and career advancement

## *Bielecki, Jan Krzysztof (2003-09: Pekao SA; 2010-14: Council of Econ. Advisers)*

Sroczyński, G. (2014, May 16). Jak kusi kasa. Spowiedź liberała [How money is tempting; confessions of a liberal] . *Gazeta Wyborcza*.

[INTERVIEW with J.K. Bielecki]

<http://wyborcza.pl/magazyn/1,124059,15976928,Jak_kusi_kasa__Spowiedz_liberala.html>

J.K. Bielecki: Capital has a nationality.

(…)

**Journalist: Is it also something you learnt in the bank?**

- It was undoubtedly a good education from that point of view. If you run a company whose strategic owner is from another country, there will always be a temptation to do good things for the foreign headquarters. Let me give you a simple example: if you are my boss based in Frankfurt and a greater risk-taker than I am – and I am rather conservative, it means that I always have a lot of money in my branch of the bank. Excess liquidity – that is what it is called. So you call me from your headquarters and tell me, "We see on the computer that you have 2 billion that are available. Give it to me because we will make a great investment with that money”.

**By buying derivatives on Chinese rice denominated in the results of dog races in Seoul in October.**

- You did not overdo it too much. My reply to this is: "Of course, darling, I am very happy to do this, but please pay me at market price". But he is not interested because, at market price, he can get capital everywhere. He would want to get it at no cost. "That capital is being wasted in your accounts, so please give it to me" – this is the next argument. And this is the nationality of capital.

**And do you then have to comply?**

- No, given that Polish regulations forbid it.

**So, at the end of the day, it is this horrible state that meddles and regulates that prevents capital from doing what it wants.**

- Fortunately, it is (…)

Naczyk, M. (2019, September 13). Author interview with Jan Krzysztof Bielecki and Adam Jasser, Warsaw

**At the end of 2009, you resigned from Pekao S.A. and you subsequently became an adviser to Donald Tusk. At the time, the press speculated that your resignation was associated with a conflict with the main shareholder of Pekao S.A., i.e. with UniCredit group, but you never confirmed this in the press. Was there really a conflict? And what was this conflict about?**

Jan Krzysztof Bielecki: Ten years have passed. The embargo can now be considered as over. What can be said is that, at the time (2008 exactly), the management team at UniCredit group had a very specific conception of where the group shoud go and this conception led to an increased centralization of the decision-making process, which, in my opinion, would be in breach of Polish banking law. As it is called in jargon, the discussion was about where "dotted lines" and where "fixed lines" should be. More "fixed lines" would result in a more centralized model where subsidiaries’ risk management units would be subordinate to the risk management unit in the headquarters (...). These fixed lines would totally incapacitate local CEOs although, in Poland, so far, even today, it is forbidden to delegate risk management.

(…)

**Mateusz Morawiecki and Zbigniew Jagiełło talk about the existence of a “national glass ceiling” for top managers. Would you agree with them?**

Jan Krzysztof Bielecki: I think this formulation is a misunderstanding.

**The point is that top managers from the subsidiaries of multinational corporations will not be able to make great careers in those corporations’ headquarters.**

Bielecki: I myself am a blatant example demonstrating that this is not the case [Bielecki was appointed to the Milan-based management board of UniCredit Group in 2007 while heading Pekao S.A.]. There are Poles in top positions at Google or in Switzerland in some corporations... Of course, no one will say it officially, but I have heard this argument more than once – and it is used by, let us say, a Pole who reaches a certain level in a corporation, especially in an Anglo-Saxon one, but, above that level, it turns out that everyone finished Oxbridge, while they finished the Warsaw School of Economics, and they do not have the network that would allow them to advance further. In America, if you look at it more closely, everyone turns out to be a Stanford or Harvard alumnus.

## *Borys, Paweł (2016-now: PFR)*

Maciej Wośko i Stanisław Koczot (2016, December 30). Mamy pomysł na gospodarkę [We have an plan for the economy]. *Gazeta Bankowa*. <https://biznes.interia.pl/gieldy/aktualnosci/news-mamy-pomysl-na-gospodarke,nId,4145965>

**Why is Pekao important from the PFR’s perspective?**

- The acquisition of Pekao is a project in itself due to its scale and significance for the banking sector. For years, I have been a supporter of a more balanced ownership structure in Polish banking. Even in March 2016, I published an article entitled "Agenda for the banking sector 2020", in which I presented, in fifteen points, proposals that should be implemented for the Polish banking sector to be stable and able to develop well, as well as to be customer-friendly. One of the points proposed was an ownership structure closer to 50:50, and thus a more secure and stable ownership structure for the economy. Thanks to the implementation of the so-called Morawiecki Plan we have managed to achieve this goal, because after the acquisition of Pekao, the share of local capital will exceed 52%.

**What does security and stability consist in?**

- Banks, as well as companies operating within international capital groups, make a significant part of their decisions outside Poland. Competence centers, for example in the area of ​​technology, are located outside our country. And this means that investments in staff who can develop these skills are not made in Poland. In turn, a local, independent bank can build managerial competencies, have adequate resources to implement development projects, and not only transfer them from outside and implement them at home.

- Independence and security are also crucial in a crisis situation. We felt it the hard way in 2009 and also a little in 2012, when the turmoil around the euro area started. Due to problems abroad, the lending policy of banks in Poland has been severely tightened. If PKO BP had not raised capital and had not opened up to financing enterprises, I am convinced that several hundred thousand small companies would collapse. We would certainly not be a "green island" then.

- In short, a balanced ownership structure makes it possible to build good local competences, and from the point of view of the spreading of crises, it creates greater stability, enables decisions to be made that are more appropriate to the specificity of a given market.

- It is also worth noting that the banking business is profitable, especially in the case of the top seven banks operating in Poland. Pekao pays out over PLN 2 billion in dividends every year. They will now go to local investors.

## *Jagiełło, Zbigniew (2009-now: PKO BP)*

Torchała, A. (2015, May 31) Jagiełło: jestem zwolennikiem repolonizacji banków [Jagiełło: I support the repolonization of banks], *bankier.pl*. [ARTICLE]

<https://www.bankier.pl/wiadomosc/Jagiello-jestem-zwolennikiem-repolonizacji-bankow-7261911.html>

Z. Jagiełło [quoted after the PZU announced a take-over of foreign-owned Alior Bank]: - I support the idea that PZU should own 4-5 banks. In the long run, Poland can only gain from it. It is always better when a bank has its headquarters here and does not have to be answerable to executives based in Frankfurt or London. As an institution, it can then look at the market from a different perspective and, at the same time, it creates new, attractive jobs in the country.

Gołębiewska M. (2015, June 24) Trzeba lubić to co się robi [One has to like what one does]. *Centrum Prasowe PAP*.

[ARTICLE]

What is most important is that the decision-making center in Polish banks be located inside the country. Such a situation enables the bank’s owners to design their own financial policy instead of reacting to events inspired by other players on the market. I will compare this to FC Barcelona’s game style. We all like creative football... This is why we like the strategy of the Catalan club so much. In the financial industry, the most valued institutions are also those that create market trends.

Polska 2041 (2017, January 9) Repolonizacja sektora bankowego – szanse i ryzyka [Repolonization of the banking sector – opportunities and risks] [DEBATE].

<https://www.youtube.com/watch?v=YLX-2JjJFtQ>

**Journalist: The next question is for Mr. Zbigniew Jagiełło: Do your colleagues from other, foreign-owned, banks not envy you? Do you hear them say that the management board of PKO BP has more freedom in making decisions here and that, on the contrary, the management boards of banks with foreign shareholders must take the strategies of their whole financial group into account?**

Zbigniew Jagiełło: For many years I also worked in a group that had its headquarters outside Poland. And there are two negative dimensions that are related to this from the point of view of an ambitious manager. First of all, strategic decisions are made outside of Poland. Secondly, there is a national glass ceiling in promotions. This means that, if you are from a different country from that where the headquarters is located, people who live in this country [where the MNC headquarters is located] have easy opportunities to get promoted in the group. These are two negative dimensions. A positive dimension – depending on one’s attitude to life – is that I do not have to make decisions. Someone will decide for me.

- It also leads to a drainage of managerial talents in that, if you do not make strategic decisions, you stop thinking about them. And when you stop thinking about them, you cannot make them anymore, because you do not know what to do. This is also bad from the state’s point of view. Because it works the following way: Where can economic decision-makers, enterpreneurs – people who think on a global scale – come from, if not from institutions that have to design their strategy based on the whole world? The fact that PKO BP has such an opportunity is good both for those managers who work in the bank and for the country because these people think in global categories, and states also compete with each other.

## *Klesyk, Andrzej (2007-2015: PZU)*

Grzegorczyk, M. (2013, November 28). Na Oxford, Kopciuszku, na Oxford! [Go to Oxford, Cinderella, Go to Oxford!], Puls Biznesu, special issue „Polska w wersji eksportowej”, p. XXII

[ARTICLE BASED ON DEBATE]

[In reaction to Jacek Pawlak’s - i.e. CEO of Toyota Motor Poland - statement that "For six years I worked at Toyota’s European headquarters, where there were 50 different nationalities, yet no Pole except for me. I noted five barriers that we should overcome. The first is cultural issues. And, here, one can quote interesting statistics. 97.7 percent of the CEOs of American companies are American, 85 percent of the CEOs of French companies are French, and 91 percent of the CEOs of Italian companies are Italian. It is much easier to communicate with people with whom one shares the same values."]

Andrzej Klesyk: It is not a matter of nationality, but a matter of experience. When someone devoted their whole life to work in Poland, they cannot be effective in Singapore. Everyone started [their career] with Poland. So far, there are, unfortunately, no Poles who could be promoted horizontally – who would manage a giant company in Poland and who would then make it to a post with a high degree of responsibilities in Great Britain.

## *Krupiński, Michał (2016-17: PZU; 2017-now: Pekao SA)*

Polskie Radio (2016, December 9). Sygnały Dnia 9 grudnia 2016, rozmowa z Michałem Krupińskim [Signals of the day radio programme, 9th December 2016, conversation with Michał Krupiński].

[INTERVIEW with M. Krupiński] <https://www.polskieradio.pl/13/53/Artykul/1702088,Sygnaly-Dnia-9-grudnia-2016-rozmowa-z-Michalem-Krupinskim>

**Journalist: But is there a plan to make these products friendly to Poles or is it currently just a desire of yours? Is there an overall vision?**

Krupiński: Banks that have their decision-making center in Warsaw, like Alior or PKP BP, turn out to be much more innovative, much more customer-friendly. I think that, at PZU, we have the best managerial staff; we have great employees; This is because it is we who make decisions; we give people the opportunity to take initiatives and to propose new products. When one works for a foreign corporation in Poland, where the decision-making center is in Frankfurt, Paris or London, the decision-making process is much more complicated and, at the end, it takes a lot of time for a Pole who works in this company to be able to change the organization. These are organizations where decisions are made somewhere far away and do not necessarily meet the expectations of customers. And I think that Poles and our clients see this.

## *Morawiecki, Mateusz (2007-2015: BZ WBK; 2015-2017: Min. Dev.; 2018-now: P.M.)*

Siennicki, P. (2017, January 5) Mateusz Morawiecki: Nie da się w białych rękawiczkach naruszyć zacementowanych interesów [It is impossible to shake up entrenched interests in white gloves]. *Polska The Times*. [INTERVIEW with M. Morawiecki]

<https://plus.polskatimes.pl/mateusz-morawiecki-nie-da-sie-w-bialych-rekawiczkach-naruszyc-zacementowanych-interesow-wywiad/ar/11657068>

Morawiecki: (...) Our government has allowed us to get out of a maze of dead ends created by the Third Republic [cf. the constitutional regime in place since the collapse of communism] and to pierce a number of glass ceilings.

**Journalist: Which ceilings?**

Morawiecki: Please look at the effects of our activities. For example, we have been consistently repolonizing financial institutions. This creates completely different development opportunities for Poles. Just ask young scientists about what kind of future they saw for themselves in Poland – until recently, they did not see any. We give them the possibility to act like their colleagues from Germany or France. We are increasing the possibilities for promotions in public administration. What about start-ups? And financing? Until now, only a few had access to them. We have created Europe’s largest fund for young, technologically advanced companies so that they can spread their wings here in Poland.

Cambridge Polish Studies (2017, January 28). Keynote speech by Polish Deputy Prime Minister Mateusz Morawiecki at the 10th Congress of Polish Student Societies in the UK.

[CONFERENCE AND DEBATE]

<https://www.youtube.com/watch?v=2t538Oc7yqU>

Morawiecki: “The fourth pillar [of the Strategy for Responsible Development] is capital and savings for development. And, here, those of you who study finance, banking, economics, could be very helpful because we need people who know about how the Square Mile operates, who know why public-private partnerships were so successful in some countries.

(…)

We need you. We need you in Poland. We need a new elite. Business, political, cultural elites are extremely important for the healthy development of each country. (…)

We also need people who have gathered a lot of experience, who are leaders in their fields. (…)

One of my hats here today – while I am in the UK – is that of an HR director. (…) We need new leaders and I believe you can be those leaders. (…) You can definitely also find your future here, but there is such a thing as a national glass ceiling (…) I do not want to use too strong words, but it will be difficult to get through this ceiling.**”**

(…)

[As the Minister was challenged by a member of the audience on the issue of the glass ceiling, Morawiecki replied:] “a simple example on the glass ceiling is the statistics of promotions in companies. I worked for international companies in Poland. I know who was promoted. Very often, it was expats who were promoted because their companies belonged to foreign owners. Similarly, here [in the UK], although I do not have figures in front of me today, or for people who are in Germany or in France. I have many friends in Switzerland who find it very difficult to get promoted even if they have the same level of education and same level of skills as their colleagues.”

## *Piasecki, Marcin (2013-2016: PIR; 2016-2019: PFR)*

Naczyk, M. (2019, September 12). Author interview with Marcin Piasecki, Warsaw

**When watching Mateusz Morawiecki’s and Zbigniew Jagiełło’s speeches, I noticed that they refer to a "national glass ceiling", i.e. that Polish managers working for foreign multinationals claim that, despite being top managers here in Poland, they cannot make it to the top in the headquarters. Do you share their point of view?**

Well, this is something very real that does exist for people from Poland and Central and Eastern Europe, more generally. To be fair, ever since I started working, it could observe that the cut-off point of this ceiling kept moving up [i.e. more and more managers from the CEE region got promoted to higher positions]. But it remained very real – at least in large financial institutions that I know best.

I do not take offense at this ceiling because, at least in investment banking, it has quite a rational justification. Banks – especially investment banks in London – have well defined career ladders. The higher you are in the hierarchy, the less important technical skills or hard work are. Personal relationships and networks that translate into an institution’s revenues get more important.

When I started in investment banking, there was no one from Poland at Vice-President level - even though in reality this is not a high position despite what the title say. This is because the higher you want to be in the organization the more you must prove that you can generate a satisfactory amount of business to the bank. And the amount of business depends on the clients that a person can bring to the firm. If you are a Pole, it is natural to require that you have relations in the [CEE] region. But the region is small: even today, it only makes up 10% of the European Union's GDP. There are also very few large domestic companies.

So, for a long time, business from the region was so small that there was no way of justifying someone’s appointment at the level of Vice-President or above. Now we can see people at Director level (It goes like this: Vice-President, Director, Managing Director). A Managing Director from the CEE region is still a rare sight in London, and it often ends there. It is harder above because you do not generate the revenue stream to justify it. Of course, investment banking is relatively very meritocratic and the promotion path reflects the revenues someone generates for the firm. In other institutions, it might look differently.

When I joined Citibank in Paris fresh from my business school, I was the only Pole, and one of only two foreigners, in the entire investment banking division in Paris. Although I successfully competed with locals on their own turf in my analyst years, it is unlikely I would have made it to a managing director position there.

**Was your return to the country motivated by opportunities to climb higher on the ladder?**

It was not a driver because I was not at a level where I could feel that glass ceiling. In the UAE, at Mubadala, the glass ceiling for non-Emiratis was located relatively high, at the board level. At the time, I sat three rungs below on the ladder. I could easily stay on for the next ten years or so running major projects and enjoying a clear promotion path. I decided to move back to Europe because I felt that I was missing out on the dynamic economic development in Poland and the broader CEE region. This being said my first attempt to return to Poland failed. The final offer I received from Kulczyk Investments, an investment house with Polish roots, indicated London and not Warsaw.

One of the mamy lessons from my time at Mubadala was that working at the headquarters of an organization makes all the difference. Even as a mid-ranking young professional, you gain exposure to strategic decision-making. In Poland, as opposed to Western Europe, those opportunities are very scarce. Typically, managers in the CEE region work in companies that are the local subsidiaries of foreign corporations. These managers are very good at running operations, but strategic decisions are made elsewhere. Naturally, with time, they can try to move to the headquarters in Paris, London, etc., and try to break through there. Some do it, but it is common knowledge that it is difficult. That is why companies like PIR/PFR are truly unique. These are the places where managers based in Warsaw have an opportunity to shape the strategy of an entire organization. This is why I decided to leave an established company and join PIR. It was a complete unknown, a state-sponsored start-up, the first of its kind. Looking back, the risks associated with that decision were very high, but it proved to be the right one.

# A.9.quotes-mechanism.1b – Systemic risks of foreign ownership and benefits of domestic ownership

## *Bielecki, Jan Krzysztof (2003-09: Pekao SA; 2010-14: Council of Econ. Advisers)*

Nowakowska, A. and Wielowieyska, D. (2010, June 15). J.K.Bielecki: Polskie spółki dla Polaków” [J.K. Bielecki: Polish companies for Poles], *Gazeta Wyborcza*.

[INTERVIEW with J.K. Bielecki]

<http://wyborcza.pl/1,75248,8009438,J_K_Bielecki__Polskie_spolki_dla_Polakow.html>

**Journalists: Is selling a company to a foreign investor a bad thing?**

J.K. Bielecki: This is not the point I am making. My point is that the global financial crisis has shown new risks associated with this form of privatization.

More than ten years ago, it was clear that no Polish financial magnate had sufficient purchasing power [to be able to buy a controlling stake in a state-owned enterprise]. We sold companies to stronger and weaker foreign investors – especially because the state budget was still in need of revenues.

**Is it bad that more than 70 percent of the banking sector is in the hands of foreign capital?**

- It is my government that – in 1991 – adopted the first principles guiding the privatization of the banking sector. One of the guidelines was to carry out a stepwise privatization of up to 30 percent of the sector. It is only later that more radical privatization happened because of a growing budget deficit. These companies were listed on the Warsaw stock exchange, which contributed to the development of the Polish capital market.

But it is not wise to continue this process especially because the crisis has shown that different investors react differently to threats. It has turned out that, in some countries, government intervention is needed in order to save banks. As a result, governments have started influencing the ownership structure of financial institutions. And they have faced the following alternatives: Should they pump taxpayers’ money into banks or should they instead ask these banks to drain cash from branches in other countries? It is obvious that they prefer the latter option. So they started to press the European Commission to enable them to do so.

**It was already possible for a headquarters to collect funds from its banks aboard.**

- Yes, but only if it complied with business rules. Banks’ branches were independent companies whose interests local managements had to care for. Now this can change. The European Commission is currently considering a proposal for a directive on crisis management in the banking sector. The directive would allow the transfer of assets in order to rescue the parent company and the entire transnational group. So, in theory, you could transfer assets from Poland to the headquarters abroad. This means there is a risk that the parent company will have much more freedom in using its branches’ funds and that it will be less dependent on the decisions of local banking supervision authorities. I hope that this proposal will never get implemented. However, we should not just be a passive observer of these debates, but we should also create entities that will be active in our home market regardless of what a foreign headquarters will say. The banking sector should be more balanced when it comes to the participation of foreign and domestic investors.

**Are you therefore agreeing with those who protested vociferously against letting the banks fall in foreign hands? Liberals used to demonize them.**

- No, I do not because, so far, the effects of bank privatization have been positive for the whole economy. But the economic environment is constantly changing, the rules of the game are changing and this must be taken into account. Nobody suspected that the crisis would be so deep, that the changes would be so far-reaching, that international groups would go under or that they would have to be saved by the state, or that they would be divided by the state, as we have seen in many European countries or in the USA. (…)

Rożyński, P. (2012, February 25) W polityce, ale z boku [Politically active, but on the side], *Rzeczpospolita*

[INTERVIEW with J.K. Bielecki]

**Journalist: Almost two years ago, you warned against the threats related to the fact that foreign capital controls over 70 percent of the banking sector in Poland.**

J.K. Bielecki: One can see how much the financial crisis has changed the banking industry in Europe and this is beginning to affect the Polish financial sector, which was stable for many years. This is due to the fact that some owners have gone bankrupt, others want to withdraw, a third group wants to curb the provision of credit, and yet another group wants to play a role in the consolidation of the sector. When such significant changes are happening, it is beneficial for Poland if a strong local entity tries to take advantage of them.

**You are talking about PKO BP. Yet the 2010 attempt to take BZ WBK over failed. If there is an opportunity again, should PKO BP use it?**

- There is no reason why a publicly listed bank should not be a full participant in the restructuring of the market if it does it on business conditions.

Wielowieyska, D. (2014, October 14) Nie o taki liberalizm chodziło [This was not the type of liberalism we fought for], *Gazeta Wyborcza*.

[INTERVIEW with J.K. Bielecki]

**Journalist: And what are the advantages of the fact that, for example, PKO BP is still controlled by the state even if it has been privatized?**

J.K. Bielecki: Well, for example, the fact that, during the last financial crisis, all foreign banks cut their lending because their foreign headquarters commanded them to do so, whereas PKO BP increased its lending. And it turned out to be a professional and effective strategy. Not to mention that it served the Polish market well. Capital has nationality and has a headquarters. The interest of the headquarters and the interest of the parent company are paramount. The financial crisis has shown how quickly parent companies began transferring liquidity to the head office in order to make the parent company safe in the first place. And so it is with everything, at every step. Why is the Fiat Panda manufactured in Italy today rather than in Tychy, where it would be done more cheaply and better? This is because capital has a nationality.

**One could sell it to a Polish investor**

- And here we get to one of the key challenges that Poland had to face in 1989 and, to some extent, still has to face today. In Poland, we built capitalism without capital. This is simply so. There are no Polish investors who could bear this burden and put up the money to buy strategic Polish companies. And we do not want to be Russia where oligarchs who first expropriated state property subsequently took over more companies. That is why we do not have big players at the moment. Besides, I would like to remind you that most state-owned enterprises are listed on the stock exchange, and, as a result, they are fully transparent and have private investors as minority shareholders. Where possible, Polish investors - e.g. Zygmunt Solorz at Polkomtel - took over companies away from state control.

## *Borys, Paweł (2016-now: PFR)*

Molga, T. (2016, December 9). Człowiek Morawieckiego mówi, po co im zakup Pekao. “Włosi wypłacili sobie 5 mld, teraz te pieniądze zostaną w Polsce”, natemat.pl

[https://natemat.pl/196371,czlowiek-morawieckiego-mowi-po-co-im-zakup-pekao-sa-wlosi-wyplacili-sobie-5-mld-teraz-te-pieniadze-zostana-w-polsce#](https://natemat.pl/196371,czlowiek-morawieckiego-mowi-po-co-im-zakup-pekao-sa-wlosi-wyplacili-sobie-5-mld-teraz-te-pieniadze-zostana-w-polsce)

**Why is this [the acquisition of Pekao S.A. by PFR and PZU in 2016-7] a good deal?**

Paweł Borys, president of the Polish Development Fund: We are buying this bank cheaply. PLN 123 per share is almost the lowest price of Pekao shares in 5 years, below the sale price of the first block of 10% shares on the WSE by Unicredit a few months ago. It is financially a very strong and attractive bank, generating profits and paying regular dividends in the amount of over PLN 2 billion a year. The current Italian shareholders have received over PLN 5 billion from Pekao over the last few years. Now this money will remain in Poland.

(…)

**How would you convince your readers that the repolonization of banks is not just a politicians' whim?**

No country has a balance of power like Poland, where 75 percent of banks were owned by foreign capital. I believe that a healthy ratio is around 50/50. During the last financial crisis, I watched the crisis spread to Poland through the banking system. This is a risk to the economy.

Nothing bad happened in Poland, yet many banks received orders from foreign headquarters to suspend lending, which was evident in 2009 and to a smaller scale in 2012 because it was getting hot there, abroad, and it was translated into decisions about financing mainly enterprises in Poland. If, at the beginning of 2009, PKO BP had not decided, after all, to maintain financing to small and medium-sized enterprises, 100 or 200 thousand of these companies would have probably collapsed. It is worth having more banks where key decisions are made by someone locally. Because the local team is responsible for everything - not the group.

## *Grendowicz, Mariusz (2008-10: BRE Bank; 2013-14: PIR)*

Bień, K. (2011, December 6). Udomowić, czyli co? Jak nie stracić nadzoru nad bankami [Domesticating, or what does it mean? How not to lose supervision over banks].

[Minutes of a debate on the “redomestication” of the Polish banking sector]

<https://www.obserwatorfinansowy.pl/tematyka/rynki-finansowe/bankowosc/udomowic-czyli-co-jak-nie-stracic-nadzoru-nad-bankami/>

One can ask why in the previous version of the crisis the ownership structure of the Polish banking sector did not have a negative impact on the situation in banks? First, we were dealing with the very high authority of the states and central banks that rushed up when necessary. It was known subcutaneously that if any of the investors in Polish banks had a bad leg, there would be financial resources with which such a bank would be recapitalized. Therefore, among others, foreign banks have decided to continue support for their Central European daughters under the so-called the Vienna initiative. In addition to the authority of states and central banks, the idea of European solidarity was also an important factor.

In the next installment of the crisis, the situation may be quite different. Since the first stage of the crisis, the authority of states and their financial efficiency have been significantly limited. None of the states have the financial resources at the moment, and those that do do not have the political will to carry out another bank recapitalization. This applies even to the healthiest, German, economy at the moment. The idea of European solidarity has also been severely weakened. Despite official declarations, Greece's bankruptcy is no longer a taboo subject.

What can banking groups do in this situation? It was mentioned that there are mechanisms to limit the lending activity of subsidiaries. There are many more such mechanisms. It will not be through an official memorandum that prohibits lending, but through other routes. Such mechanisms are, inter alia, centrally set group-wide fund transfer rates or various credit bodies that are in fact the credit bodies of the parent companies. And through these two channels, a limitation of the lending activity of subsidiaries may take place.

I would like to highlight other aspects of the idea of bank domestication than have been discussed so far. In a situation when the whole world is struggling to obtain foreign direct investment, Poland - which still has only small domestic capital resources at its disposal - should not use them to pay off foreign capital. If domestication were to consist in restoring the decision-making power of banks to Poland, then yes. However, let's try to do it with the use of capital other than domestic capital, because Polish capital resources are very modest.

There is also the tax aspect of possible domestication. From the point of view of the interests of the Polish budget and the taxpayer, the current situation is very convenient, leaving responsibility for the stability of the Polish banking sector on the shoulders of foreign investors, and thus on the shoulders of countries other than the Polish state. Therefore, when looking for an answer to the question about domestication, it is necessary to develop in Poland a clear vision of what we care more about - economic growth and increasing the supply of credit, or rather that the possible problems of Polish banks are not Polish problems, but foreign problems.

(…)

There was a question about what exactly the domestication of banks is about. It's not about nationalization. The point is that the bank's real decision-making processes should be in Poland, not outside of Poland. On the one hand, we have a legal status, and, on the other hand, there are realities and we are talking about them, not just legal requirements. The point is that the development of banking and IT products should take place in Poland, and not in product hubs outside our country and detached from our realities. It is also important that the economic interest of the bank is consistent with the interest of our state. There is no reason to inhibit lending in Poland because there are problems elsewhere.

## *Jagiełło, Zbigniew (2009-now: PKO BP)*

Piasecki, M. (2012, March 14) Zrównoważony wzrost najlepszą strategią przedsiębiorstw na kryzys [Sustainable development is companies’ best strategy for crisis]. *Dziennik Gazeta Prawna*.

[REPORT FROM DEBATE]

Jagiełło: Our recipe for success is our consistency in implementing our strategy of accelerated organic growth based on sustainable development. At a time when some of our competitors depend on the situation of their foreign parent companies and on their ability to adapt to new regulatory requirements, we – since we have our decision-making center in Warsaw – can concentrate on taking advantage of business opportunities. And we are doing this while making our product offer more attractive and improving the quality of our services.

Jagiełło, Z. (2015, October 30) Komentarz partnera: Wyzwania globalnej gospodarki szansa dla Polski [Partner’s comment: Global economy’s challenges are a chance for Poland], *Puls Biznesu*, special edition „Czas na patriotyzm gospodarczy: Polska podróż do przyszłości”, pp. XI.

[OP-ED]

One of the most important tasks today is to increase the level of internationalization of Polish companies. This will help them to be even more profitable and, in the future, some share of dividends will come back to the country. This would improve Poland’s international investment position, which today is weak due to high transfers related to – public and private – debt service and the transfer of dividends abroad. It is also important if one wants to use the skills and talents of young Poles who have gone abroad. They are people who know the world and are able to find their place in the global economy. They would often like to leave and be able to come back later, while working for Polish companies and sharing their experience, but they cannot do so because too few domestic enterprises operate globally. A stronger entry of domestic companies into foreign markets may change this, and may give Poland the impetus required for an acceleration of the pace of economic growth.

Polska 2041 (2017, January 9) Repolonizacja sektora bankowego – szanse i ryzyka.

[DEBATE]

<https://www.youtube.com/watch?v=YLX-2JjJFtQ>

Jagiełło: I would start by saying that the purchase of 33 percent of the shares of Pekao S.A. by PZU and the Polish Development Fund is not surprising. I had expected for several years that this would happen and that UniCredit – which had serious problems in its home country – would have to sell foreign assets at some point, especially those that are highly valued. So, this transaction has taken place.

I would like to point out an important thing here, which - I think - is overlooked in the public debate. This transaction restores normalcy. In every wealthy country, the financial sector is normally mostly controlled by local capital. For historical reasons, we do not have strong private capital in Poland. Therefore, quasi-state capital had to be used for this transaction because that is what I would call it. PZU is 30 percent controlled by the State Treasury, and the Polish Development Fund is a fund that has to support the Polish economy in various ways. This transaction has now been successful. 17 years ago, there was a transaction in the reverse direction. Pekao S.A. was sold to the UniCredit group. This means we are restoring normality.

It is normal for local financial institutions to mainly serve the local economy. During the 2008 crisis, capital behaved in the most natural manner for itself, that is it returned to places where it feels safe, i.e. places of its origin. And, since it did not come from Poland, it returned to those countries where it felt safe. And, given that they have their own perspective, these countries did not really understand the situation in Poland. In 2009, I participated in over one hundred meetings with foreign investors, because at the time PKO BP was looking for capital to raise equity in order to conduct a broader lending campaign. And the main question was: "Why are you doing this? There is a crisis!”And we explained that there is no crisis in Poland; there is only a slowdown. I saw true disbelief in the eyes of those people. I literally explained what the difference between a slowdown and recession was. A slowdown is when a colleague loses his or her job. And a recession is when I lose my job. Having locally owned companies is very important because, in times of volatility, local capital has nowhere else to go to. It stays at its place of origin and serves the local economy because it is connected with it figuratively in life and death.

Stec, A. and Rudke, M. (2019, February 6) Zbigniew Jagiełło, prezes PKO BP: Zastałem bank papierowy, zostawię cyfrowy [Zbigniew Jagiełło, CEO of PKO BP: I found a paper-based bank, I will leave a digital one], *Rzeczpospolita*.

[INTERVIEW with Z. Jagiełło]

**How can your bank contribute to the country's development?**

**In my first interview for Rzeczpospolita, which I gave immediately after taking over the post of the CEO, I said that I would like the bank to be a Polish national champion. After 30 years of the free market, we do still not have such champions in Poland. We also have to work on this for another reason: Take, for example, our bank, which gives its senior managers the opportunity to adopt a global perspective not only on their business, but also on the entire economy; it would be good for our country if young people would come to gain experience in such a global champion. After a career of 20-30 years, they would achieve high positions and - having secured their material situation - they would be able to serve in the public sector, where they could share their knowledge and experience. This is why, in our bank, we try to ensure that the development of managers is not only "chimney-like", i.e. focused on one specific issue, but that they change their specialization every now and again. This also improves teamwork: For example, a sales employee can better understand their colleagues from the risk, operations or accounting departments.**

## *Klesyk, Andrzej (2007-2015: PZU)*

Jabłoński, P. i Sobolewski, P. (2014, January 7) Banki to nadal mój cel. *Rzeczpospolita*.

[INTERVIEW with A. Klesyk]

<https://www.rp.pl/artykul/1076977-Banki-to-nadal-moj-cel.html>

**Journalists: How would we benefit if PZU created one strong bank?**

Klesyk: First and foremost, PZU's shareholders would obtain greater dividends and the Polish economy would also benefit indirectly. Today, among the top ten largest commercial banks in Poland, we only have two institutions that are controlled by Polish capital, i.e. with its decision-making center located in our country. There would be three such banks after this transaction [after the take-over of Alior Bank by PZU]. Marek Belka [Chairman of the National Bank of Poland] once said that, if we were to enter the eurozone, it would be necessary for our own sake to control the majority of the [domestic] financial sector. And I fully agree with this statement. It would be a step in the right direction for the Polish state. Once again, I want to stress that creating value for PZU shareholders was a priority for me in this transaction.

Instytut Wolności (2015, July 10). Polskę stać na własne banki [Poland can afford having its own banks].

[REPORT FROM DEBATE]

<https://instytutwolnosci.pl/polske-stac-na-wlasne-banki/>

Klesyk: "In 50 percent of cases, the Polish economy will lose out when the economy is going badly abroad. When there is a recession in the country where a bank’s parent company is located, lending is heavily cut in Poland as a result. This is why the decision-making center should be in Poland. (...) The market is ripe for consolidation. (...) Banks in the top five will continue to prosper, but those between the sixth and twentieth position must merge in order to survive. Now is the time to choose whether we will allow Western capital to benefit from these operations or whether we will do so ourselves. I believe that I have a chance to get a business bonus, because I am a Polish entity. I hope that I will receive support from the regulator and maybe politicians to consolidate several banking entities on very good business principles. We are not talking about small money. We are talking about PLN 10 to 15 billion. PZU currently has PLN 5-6 billion. We must go to the market to raise this capital. We have to go to the West and get the money from them somehow. I am extremely grateful for this type of discussion. We all agree that there is a chance and that it can be used well for the country. I hope that politicians will continue this discussion. "

## *Krupiński, Michał (2016-17: PZU; 2017-now: Pekao SA)*

TVP INFO (2016, December 8). Ta transakcja wzmacnia sektor finansowy w Polsce i polską gospodarkę.

[REPORT FROM TV INTERVIEW]

<https://www.tvp.info/28151046/ta-transakcja-wzmacnia-sektor-finansowy-w-polsce-i-polska-gospodarke>

Krupiński: "In times of crisis, it was banks that had their decision-making center in Warsaw that increased the number of loans. They could act without paying attention to the economic realities in Western Europe, where there was a slowdown."

Polskie Radio (2016, December 9). Sygnały Dnia 9 grudnia 2016, rozmowa z Michałem Krupińskim.

[INTERVIEW with M. Krupiński]

<https://www.polskieradio.pl/13/53/Artykul/1702088,Sygnaly-Dnia-9-grudnia-2016-rozmowa-z-Michalem-Krupinskim>

**Journalist: I think that customers prefer, first of all, for example, cheaper loans and better interest-bearing deposits. Do they have a chance to get that at PeKaO, at a new, Polish, PeKaO?**

Michał Krupiński: "Yes, I think that they certainly do. The bank is very well capitalized, with a great ability to increase lending. This bank is, and was, well managed, but the last economic crisis, that from 10 years ago, showed that banks with their decision-making center in Poland, in Warsaw, are more resistant to crises. It was Polish banks that significantly increased their lending to Polish companies, that helped Polish families while foreign banks often drew liquidity from Poland, thereby saving their own home markets. Rich countries, such as France, Germany and the United States, have control over the majority of their banking sectors. "

## *Morawiecki, Mateusz (2007-2015: BZ WBK; 2015-2017: Min. Dev.; 2018-now: P.M.)*

Michałowski, M. (2015, December 23) Musimy odbudować polski kapitał [We have to rebuild Polish capital], *Gazeta Polska*, 23 December.

[INTERVIEW with M. Morawiecki]

<https://niezalezna.pl/74213-musimy-odbudowac-polski-kapital-mowi-wicepremier-i-minister-rozwoju-mateusz-morawiecki>

**You said that there is too little "Polish economy" in the Polish economy. Did you have a repolonization of some sectors and industries in mind?**

M. MorawieckI: It is not that simple. First of all, I meant that there is little Polish ownership, Polish capital. That is why we care so much about support for small and medium-sized enterprises. So that they can grow and export, win new markets, learn about the world. In the long run, this will translate into higher corporate earnings and employee earnings. It will increase the level of technological advancement of the economy and it will support the accumulation of Polish capital that will be invested in Poland. Today, one can say without exaggeration that, over the past 26 years, the potential of the Polish economy has been better exploited by others than by ourselves. It is high time to strengthen our domestic economy and domestic companies, not at the expense or instead of foreign investors, but next to them or even in cooperation with them, by creating Polish brands whose strength will translate into a better "tomorrow" for Polish companies and their employees. Today, all employee earnings [labour share] in the economy – including disability pensions, old-age pensions and earnings of self-employed people – totals just over 50 percent. In Western Europe, the same indicator significantly exceeds 60 percent, and sometimes 70 percent. This shows that in Poland we use the fruits of our own work to a lesser extent.

**Has there been a lack of activities strengthening our native economy and Polish capital so far?**

There was certainly a lack of systemic activities that would be carried out according to a long-term and consistently implemented strategy. Please note that we are the sixth European Union member state in terms of potential, but the structure of our economy is still similar to that of small and dependent countries: For example, over half of Polish export is generated by companies controlled by foreign capital. The difference between what we owe to foreign countries and what we have abroad is 1.3 trillion zlotys and in the last eight years this "minus" has grown by one third. In addition, it is always harder for small companies, which are prevalent in Poland, to clash with big business. Small and medium-sized enterprises need help because they create the most positive "ferment" in the economy. In addition, they provide over half of Polish GDP and employ over 65 percent of all employees. Small and medium-sized companies are the salt of the earth in our Polish economy and should be the apple of the eye of every responsible government.

(…)

**To finish the interview, you are free to say whatever you want – like in Hyde Park**

We are in a difficult situation today in Poland for a reason that hardly anyone talks about. Our GDP has grown over the past 26 years. Some boast about it and say that we have fantastic growth. The only thing is that this increase depended on an import of capital. Today, as a result, we have one of the largest foreign debts in the world. By this, I mean the total of foreign debt - private and public debt. Not just public debt. If we only looked at public debt, one would see that there are many countries that are much more indebted. But that does not tell us much. Poland has a public debt of 50% [of GDP] and Japan 250%. But I would prefer us to have 250% on Japanese terms than our 50%. Why? Because this Japanese debt of 250% is – in simplified terms – in the hands of the Japanese. Unfortunately, it is different here. Our total gross external debt is at the level of Polish GDP, i.e. PLN 1,750 billion. We pay nearly PLN 100 billion annually from this debt in the form of dividends, interest on commercial and corporate loans, interest on bonds, interest on deposits, reinvested profits and other minor items. This is an amount unimaginable for a citizen, which no one talks about. Three times our defense budget. Fifteen times as much as the state spends on innovation. The King of Persia, Darius the Great, told himself to remind his servants at every feast: "Lord, remember the Athenians" (who supported the Ionic uprising against him). I will be this kind of servant who will remind us that we must change the current development paradigm. We need to stimulate new thinking. The English have the saying "Elephant in the room", which is a metaphor for an obvious and important, but ignored problem. Well, we have an elephant in Poland that was not noticed. How is it that for 25 years no one talked about it too much?! Mainstream economists are extremely happy with themselves. Everyone says, "But we have had phenomenal economic development for 25 years." Sure, it has been better than in Ukraine or Romania and I am glad about it, but at the same time we have promoted huge dependence on foreign countries. They used to say that capital has no nationality, that inequalities are always good, that we don't need the state for anything. Somehow, they do not say it anymore. OKAY. This is a diagnosis.

Now about what to do about it. We will not do anything about it in the short term because ownership is already with someone else. But we can save, invest more and build Polish capital, and change these proportions over the next 25 years by promoting Polish entrepreneurs. By helping Polish companies in their foreign expansion and in exporting, we can trigger a process whereby it is we who will start drawing money to Poland, because when one of our companies exports, someone pays for it and this Polish company obtains some margin from it. For many years to come, we must eagerly build Polish capital. Since the partitions [of Poland in the 18th century], we fought for "Our and Your Freedom". The rule of the invaders, two World Wars and half a century of communism meant that we could not take care of our development to the same extent as other Western countries. Now we have to build Polish capital, one layer after another. And this is also our patriotic duty! We could already be the second Denmark if we did not send PLN 100 billion abroad every year. One thing I would like to emphasize strongly: The issue is not that we dislike Western capital. We simply need to build a similar systemic potential in ourselves to participate effectively and on an equal footing in international economic exchange, for the benefit of our citizens. Foreign capital and foreign direct investments are good in themselves and the government will continue to support them. The problem is that we do not have our own counterweight for them. If it remains this way, we will eventually fall over, which is why our government's actions will be positive. We do not want to take anything away, we just want to add something on the other side - the Polish side - of the shawl. (…) For this reason, we now need a government that will focus on everything that helps Polish entrepreneurs. We will promote Polish brands, encourage investment and innovation, help commercialize Polish inventions. We want to help Polish companies in the same way as the most developed countries help their own companies. We will also, at the very least, start a discussion about employee participation in the capital of enterprises because we must build Poles’ income from capital.

# A.9.quotes-mechanism.3a – Learning from, and legitimization through, foreign examples

## *Bielecki, Jan Krzysztof (2003-09: Pekao SA; 2010-14: Council of Econ. Advisers)*

Nowakowska, A. and Wielowieyska, D. (2010, June 15). J.K.Bielecki: Polskie spółki dla Polaków” [J.K. Bielecki: Polish companies for Poles], *Gazeta Wyborcza*.

[INTERVIEW with J.K. Bielecki]

<http://wyborcza.pl/1,75248,8009438,J_K_Bielecki__Polskie_spolki_dla_Polakow.html>

**Agata Nowakowska, Dominika Wielowieyska: Why has the Prime Minister’s Council of Economic Advisers developed a National Program of Corporate Governance? Is the governance of state-owned enterprises flawed?**

Jan Krzysztof Bielecki: There are over a dozen of companies in which we want to maintain the State Treasury’s share. (…) The solutions that we propose in the program are based on business know-how and on the activities of state-owned investment funds (Sovereign Wealth Funds) and on lessons drawn from the management of state-owned enterprises in Scandinavia.

(…)

**To sum up: The state should not sell its stakes in PKN Orlen, PZU or PKO BP?**

(…)

It is important that – as in Norway –the relevant department in the Ministry of the Treasury employs people with experience from the market and investment banks and with competence in corporate governance matters. I would not mind if these people came to the conclusion that a merger or a sale to another investor would be important for the development of this company because it would guarantee the best return on equity. The most important thing is that every such decision be based on a serious business case and that it be part of a long-term strategy, not of some ideological assumption (...)

**How is this change in privatization philosophy related to the government's earlier announcement that it would accelerate privatization? The government’s program assumes revenues of PLN 30 billion from the sale of state property.**

- We do not postulate the same ownership structure as in Norway, where the state has very large shares in various companies. As for PLN 30 billion, it is not a staggering sum, because, in Poland, PKO BP itself is worth PLN 40 billion. In addition, there are a whole lot of state-owned enterprises that should be restructured and sold.

Puls Biznesu (2013, June 6) Rola państwa w gospodarce – Debata ‘Pulsu Biznesu’ z cyklu ‘Czas na patriotyzm gospodarczy’ [Role of the state in the economy – Debate organised by „Puls Biznesu” as part of the cycle entitled „Time for economic patriotism”.

[DEBATE]

<https://www.youtube.com/watch?v=NLgX8wsgLnM>

**Journalist: For many years, the prevailing dogma was that the lesser the presence of the state in the economy the better. Then came the crisis and led to a reevaluation. States resorted to protectionism. They clearly began to support their national businesses despite the fact even though we operate in the European Union. Has the crisis shaken things only temporarily and are we soon going to return to the old dogma? Or is this a new order and we need a greater presence of the state?**

Jan Krzysztof Bielecki: Most of all, it seems to me that one cannot be naïve in this matter. Regardless of the slogan one chooses, if one looks at how different countries implement this slogan, one can see that they are certainly not naive. We [i.e. Poles] cannot be more papal than the Pope, and stick to the letter of the textbook, and keep on doing the same thing, without looking at the circumstances, because the textbook – of the good Komsomolets - tells us: Do it this way. One needs to be able to define one’s interests. When one is able to do that, one then stops looking only at the textbook, and one acts so as to serve the national interest and the interest of the corporation. I would like to emphasize this once again: Our biggest problem is that we are as naïve as a neophyte who observes many phenomena in the West, assesses them superficially and makes decisions on this basis without realizing that everything is more sophisticated. Behind beautiful words, there are often hard interests and we must be able to fight for our own sake instead of defending the purity of the definition.

Bielecki, J.K. (2013, November 28). Uwierzmy w siebie i w Polaków [Let us believe in ourselves and in Poles]. *Puls Biznesu*, special issue: “Polska w wersji eksportowej”, p. V

[OP-ED]

It is worth looking at Israel, a small country surrounded by unfavorable neighbors, which is a leader in new technologies and in which business culture is at the highest level. Israelis must think about business prophetically, because it is not only their welfare, but the existence of their state that depends on it. In a great book on Israel, "Start up Nation," the authors quote a Western businessman: "I attended a million conferences on new technologies. Experts from different countries always present and promote only their company; Israelis always promote Israel apart from their firm and always talk about it.

## *Borys, Paweł (2016-now: PFR)*

Polska 2041 (2017, January 9) Repolonizacja sektora bankowego – szanse i ryzyka.

[DEBATE]

<https://www.youtube.com/watch?v=YLX-2JjJFtQ>

**Journalist: When can you expect a return on this investment [in bank Pekao S.A.]? How does it look from the point of view of the Polish Development Fund?**

Paweł Borys: Here we are touching upon the ownership structure of the banking industry. If you look at who owns the 10 largest banks in various countries, say European countries, one cannot easily name a specific private investor or a large capitalist because this is not the way things work. I do not know any blockholders of banks in Europe. Even the Botin family at Santander has less than 5 percent. The ownership is either very dispersed (…) or there are various types of foundations, associations. Such a model is often very visible in Austria or Italy. However, let us not fool ourselves: At the level of these foundations, there is also a fairly large connection with politics and people associated with it.

In Poland, a model arose where 75 percent of this this sector was in foreign hands. This was a sensation on a global scale. I agree that we are now returning a little bit to normalcy. It seems to me that we can follow a path where banks will be a very important element of the Warsaw Stock Exchange, i.e. they will be publicly listed banks with a dispersed shareholding structure and potentially with a reference shareholder. In the case of Pekao S.A. it [the reference shareholder] could ultimately be PZU. Although we do not have a clearly defined time horizon, we may, over the next 3-5 years, for example, decide to make a secondary offer of shares on the Warsaw Stock Exchange. Pekao S.A. may thus be a bank with a dispersed shareholding structure in which there will be Polish and foreign investors as is already the case with PZU and PKO BP.

Borys, P. (2017, November 15) Jak przebić szklany sufit rozwojowy [How to break the developmental glass ceiling], *Polski Kompas*.

[OP-ED]

<http://wgospodarce.pl/informacje/42680-jak-przebic-szklany-sufit-rozwojowy>

The Polish Development Fund is one of the institutional foundations of the government's Strategy. The role of PFR is to provide development instruments – various types of financial products and programs that are designed to overcome the weaknesses of the Polish ecosystem and to improve its quality and structure in priority areas such as the international expansion of Polish companies, innovation, the development of small and medium-sized enterprises or the venture capital market . Such a public organization is a novelty on the Polish market, but in countries with mature economic structures, such as Germany, France or Italy, they are well-known and effective institutions that have functioned for many decades, most often as state-controlled development banks or as export banks.

Borys, Paweł (2017, November 29) Państwo powinno być przedsiębiorcze [The state should be entrepreneurial], *Puls Biznesu*, special edition “Czas na patriotyzm gospodarczy: Cztery kroki do Polski 4.0”, p. XI

[OP-ED]

Poland needs an entrepreneurial state. (…) After 27 years, we can speak of economic success, but the stakes are rising and - as pointed out in the Strategy for Responsible Development - there are many challenges ahead. An important goal of the so-called Morawiecki Plan is to create an entrepreneurial state that builds the long-term strength of the economy. (…) An element of this policy is also the Polish Development Fund (PFR) Group. Its priorities are the development of the financing base of the enterprise sector, infrastructure investments, export financing and support as well as innovations. An interesting example of why these types of institutions are needed is Mohed Altrad, the winner of the Entrepreneur of the Year global competition, in whose company the French development fund, BPI France, has a stake. We should wish that Polish entrepreneurs achieve similar successes in collaboration with the Polish entrepreneurial state.

Witwicki P. (2018, March 24) Kamienie zamieniamy w złoto [We turn stones into gold], *Rzeczpospolita*.

[INTERVIEW with P. Borys]

**For many, the failure of Polish Investments for Development has discredited a specific model of long-term state support for [investment] projects.**

- Almost all countries in the world have such development institutions. Some of them are powerful, like KfW in Germany or CDC in France. Poland had various development instruments for 25 years, but they were underinvested and did not create a coherent model of supporting the enterprise sector, of servicing investors or of financing infrastructure investments. In the case of PIR, the balloon of expectations was very much inflated.

## *Jagiełło, Zbigniew (2010-now: PKO BP)*

Puls Biznesu (2013, June 6) Rola państwa w gospodarce – Debata ‘Pulsu Biznesu’ z cyklu ‘Czas na patriotyzm gospodarczy’ [Role of the state in the economy – Debate organised by „Puls Biznesu” as part of the cycle entitled „Time for economic patriotism”.

[DEBATE]

<https://www.youtube.com/watch?v=NLgX8wsgLnM>

Zbigniew Jagiełło: If I could add something here [to what Jan Krzysztof Bielecki just said – reported in A.0.quotes-mechanism.3a], it is always worth seeing how theory works in practice. I am opposed to an attitude that assumes that, when life does not fit with theory, life should give up. One should just see how life really works. If one looks at my favorite example – the European Union, it makes no sense to think that we can be a lonely American island here in Europe. When one looks at how other countries work, they use all sorts of policy mixes. When it is comfortable for them, they say that everything should be private and one should support private entrepreneurs. When it benefits them to have a state institution, they make this state institution work. Let us learn precisely from those who are richer. This wealth is not a coincidence, but results from a certain logic and wisdom. Let us do the same, and let us do it even better here at home.

Jagiełło, Z. (2013, June 28-30). Komentator panelu: 5 rad na 5 pkt proc. Więcej [Panelist comment: 5 pieces of advice for 5 more percentage points]. *Puls Biznesu*, special edition „Patriotyzm z wzajemnością”, p. XI.

[OP-ED]

For Poland to become a leader of economic recovery, it must achieve higher economic growth. I will try to indicate what to do to achieve 5 additional percentage points. (...) I would look for the last one [driver of growth] in innovation, and I would use Israel as a model. Instead of eliminating the army, one should use defense funds to create technologies that are first used in the army and subsequently by civilians. It would be great if a tank with the inscription [Polish IT company] Asseco appeared around Stalowa Wola or Rzeszów [city where the headquarters of Asseco is located].

## *Morawiecki, Mateusz (2007-2015: BZ WBK; 2015-2017: Min. Dev.; 2018-now: P.M.)*

Twaróg, E. (2013, June 28-30). Wspierajmy się! [Let us support each other!]. *Puls Biznesu*, special edition „Patriotyzm z wzajemnością”, p. XXII)

[REPORT FROM DEBATE]

"When I talk to German or Spanish companies, I do any doubt whatsoever about the occurence of something like local patriotism spelled with capital letter ‘L’, or that there is a Bavarian, Saxon patriotism (...) All countries use patriotism, and they differ from us in that we are not clever enough. "

Siemieniec, T. (2013, June 28-30) Patriotyzm gospodarczy to odpowiedzialność za rozwój [Economic patriotism means being responsible for development], *Puls Biznesu*, special edition „Czas na patriotyzm gospodarczy: Patriotyzm z wzajemnością”, p. V

[INTERVIEW with M. Morawiecki]

**Journalist: Can and how can you be an economic patriot and not deny the idea of a free and equal European market?**

Mateusz Morawiecki: Do French people buying French wines, eating French cheese and going on holidays on the Côte d'Azur deny the idea of a free and equal European market? Economic patriotism cannot be defined only through choices made in shops: Active economic and industrial policies implemented by individual countries outside are much more important. Let us not be naive from an economic perspective. Nowadays the international position of states largely depends on their economic strength and on companies’ – so called national champions’ – ability to expand into foreign markets and on support for small and medium-sized enterprises in their expansion abroad.

Michałowski, M. (2015, December 23) Musimy odbudować polski kapitał [We have to rebuild Polish capital], *Gazeta Polska*.

[INTERVIEW with M. Morawiecki]

<https://niezalezna.pl/74213-musimy-odbudowac-polski-kapital-mowi-wicepremier-i-minister-rozwoju-mateusz-morawiecki>

**You are the minister of development, and funds are needed for development. Where can one get them whe public finances are in a dire state?**

Before I answer this question, I have one remark. If we – in the government - talk about the need for a deeper correction of Poland's model of economic development (and we do talk about it), then I must say that I do not know a country that has achieved lasting success by basing its development only on foreign debt, foreign credit and foreign subsidies even if these come from the EU. The healthiest foundations of growth and development are investments, one’s own exports, multiplying native capital in the economy and creating conditions for increasing savings by citizens. All of the strongest Western countries today and Asian "tigers", such as South Korea, followed a similar path to wealth.

Morawiecki, M. (2017, June 8) Polska ma szansę stać się liderem elektromobilności [Poland has an opportunity to become a leader in electromobility], *money.pl*.

[OP-ED]

<https://www.money.pl/gospodarka/wiadomosci/artykul/mateusz-morawiecki-motoryzacja-polski,208,0,2331088.html>

The automotive industry changed the history of the twentieth century. The internal combustion engine not only reduced the importance of distance, but laid the foundations for a powerful industry. When in 1908 the first Ford T model left the Detroit factory, a new chapter began in the history of the world economy. General Motors, Toyota, Volkswagen have become synonymous with the power of America, Japan and Germany. While our Western partners took care of the development of their automotive corporations, Poland abdicated from conducting its own active industrial policy at the time of its economic transition.

**Maluchy [nickname of Fiat 126 cars produced in communist and post-communist Poland – literally meaning the "little ones"] and industry degradation**

Little Fiats, also known as the "little ones", were sold in many countries of the world on several continents. (...)

By entering a global and fully competitive economy, Polish car factories could have improved their quality, business processes and operational processes, and even create their own brands. Yet, in Poland, this industry has been deeply degraded. Meanwhile, the automotive sector in the world’s strongest economies has been the driving force behind innovation and has been creating jobs for highly qualified engineers, IT specialists, technicians and employees of various specialties.

**Will Polish buses electrify the world?**

The technological revolution we are experiencing today causes a profound change in the automotive industry and, at the same time, creates a historic opportunity for Poland. An electromobility strategy has been devised as part of the Responsible Development Plan. (...)

**Big countries develop and subsidize their automotive industries**

An important stage in strengthening the role of this key sector in the Polish economy is the construction of a regional automotive cluster by attracting foreign direct investment and strengthening the domestic investors’ bridgeheads.

The automotive cluster has a chance to be a new engine of Polish development. The illusion that the modern economy does not need industry has been painfully confronted with reality after the 2008 financial crisis. The fascination with the magic of services – finance at Wall Street or in the City, which have been jointly responsible for the recent crisis – has significantly diminished.

Today, one can clearly see that the Japanese, German, French and Chinese automotive sectors are growth engines in their countries. The homeland of Anglo-Saxon capitalism, the United States, did not allow its automotive giants to go bankrupt in the crisis years. Enomrous public aid (USD 50 billion in total) saved General Motors.

Schumpeterian creative destruction has its limits in countries that are perceived as having a "laissez faire" approach, but that, in fact, do look after those industries that have many positive spillovers for the whole economy. Meanwhile, there are new mutations in the automotive industry. Today, Tesla's valuation ($ 49 billion) has exceeded Ford's stock market value even though Ford is 114 years old and Tesla is 14 years old.

**Big acquisitions, big emotions**

The emotions sparked in Italy and America by the acquisition of Chrysler by Fiat, and the issue of where the new decision-making center would be located, were absolutely crucial for shareholders, the media and politicians. Daimler's earlier alliance with Chrysler failed for the same reason. Research centers and decision-making centers were part of the controversy.

The investment of Dongfeng Motors, a Chinese state-owned car manufacturer, into PSA Peugeot Citroen attracted no less attention in France. Now PSA is acquiring Opel from GM. It is estimated that one in four jobs in the German export-oriented sector is associated with the automotive industry. Looking after the development of this sector is in every modern state’s national interest.

Franz Josef Strauss understood this well. By focusing on the construction of a strong automotive sector, he transformed post-war Bavaria into a global tycoon of modern technologies. And yet every reader of the excellent book by Tomasz Mann "Buddenbrooks" knows how weak an opinion the hanseatic elites of Germany had about Bavaria's potential at the beginning of the twentieth century.

**R&D spending engine**

In retrospect, it is difficult to understand how it was possible not to let FSO, FSM, Ursus, Cegielski or Autosan become – with a bit of support – the export prides of the Polish economy. Instead, they met the bitter fate of decapitalization, parceling and collapse.

The success of State Treasury companies in creating Polkomtel [a mobile phone network operator] shows that there was an alternative. It is worth recalling that the government of Lower Saxony has a 20 percent stake in Volkswagen, a company that, in 2015 alone, spent over EUR 12 billion on research and development, i.e. the highest amount of all global industrial corporations.

(...)

Today, one hundred years after the start of the automotive revolution, Poland has a chance to become an important automotive cluster on the world map and a leader of electromobility. (...)

If Polish electric buses can ride on German roads (and Solaris vehicles do already ride there), then they should drive on Polish roads...

**Mateusz Morawiecki, Wicepremier, Minister Rozwoju i Finansów**

## *Piasecki, Marcin (2013-2016: PIR; 2016-2019: PFR)*

Naczyk, M. (2019, September 12). Author interview with Marcin Piasecki, Warsaw

**What motivated you to take up a job at PIR [Polish Investments for Development]?**

Economic development has always been one of my main areas of interest. After all, in Poland, development is the main goal. Since 1989, it has all been about catching up with the West. When I started my professional career, I was initially based in Paris, subsequently in London. In London, I worked in a project finance team that advised on the financing of infrastructure and industrial projects, mainly in North Africa and the Persian Gulf. For example, I advised on the award-winning financing of EMAL, an aluminium smelter in Abu Dhabi. Currently it is the largest single-site smelter in the world. Later, I had the opportunity to join a development company – Mubadala Development Company – in the United Arabic Emirates – one of the two shareholders of EMAL. The mandate of this company was to build entire branches of the economy. The vision behind the aluminium smelter project was extremely ambitious, rangin from building upstream activities [refining boxite into alumina in Guinea, the raw material for aluminium smelting] to investments in the aerospace aluminium components sector in cooperation with Airbus.

Mubadala was a very dynamic company: there were about 100 employees when I was joining, and, when was leaving three years later, there were over 700 of them. Its activities were close to the "nation-building" concept, building whole new branches of the economy in the UAE with the objective to make it less dependent on hydrocarbons. This was my first very direct contact with development-oriented activities. Then I landed in Kulczyk Investments for two years in London.

In late 2012, when the idea of PIR arose, I was seriously contemplating ways to go back to Poland. I had left 13 years earlier and had the impression that I am missing out. In Western Europe - e.g. in France - everything is already sorted out. In France, in cafes, most people talk about holidays while, in Poland the conversation often revolves around building some new business. While I was in London, I heard about the idea of PIR. So, I reached out to Mariusz Grendowicz [CEO of PIR]. And I joined as second Investment Director and PIR’s fifth employee. I co-built this institution from the very beginning.

It seemed to me that PIR would do very similar things to those I did in the UAE, and my experience there has shown that such undertakings make sense. In countries where capital accumulation – especially that of private capital – is low, institutions supported by the state are of great importance provided that they are properly structured. In the UAE, at Mubadala, things were made very sensibly. They relied a lot on knowledge gathered from abroad. I worked in a group of experts mainly drawn from Europe and the United States. And I could see how development – including a model of attracting foreign investors in a selective way, not just on the basis of selling some companies, but by attracting greenfield investments, doing Joint Ventures, etc. – works. The goal for Emiratis was to learn as much as possible through cooperation with foreign companies, through joint control of local companies instead of just giving away control and ownership. This made great sense and could also be applied here in Poland.

Domestic capital is still scarce in Poland. And, as everyone learnt after the crisis, capital has a nationality. I liked the idea of building a Polish Mubadala, an institution that can fill th​​e gap in terms of missing local private capital. So my decision to join PIR/PFR was driven by the willingness to contribute to economic development in Poland.

# A.9.quotes-mechanism.3b – Critique of neoliberalism and search for new economic thinking

## *Bielecki, Jan Krzysztof (2003-09: Pekao SA; 2010-14: Council of Econ. Advisers)*

Bielecki, J. (2013, November 28). Uwierzmy w siebie i w Polaków [Let us believe in ourselves and in Poles]. *Puls Biznesu*, special issue: “Polska w wersji eksportowej”, p. V

[OP-ED]

The discussion about patriotism in the economy came back when PKO BP wanted to buy BZ WBK. Many observers did not perceive this potential marriage from the point of view of Poland’s interests. They did not notice that countries with a greater share of domestic capital in the banking sector are less exposed to fluctuations in short-term sentiments and that having one’s own banks means easier access to capital.

It was all irrelevant. What was important was the following ideological commandment: State-controlled companies should not take over private ones. This is absurd. We have had enough ideologists and lovers of messianism in Poland. As the chairman of the Kisiel Prize committee, I would like to act here as a defender of pragmatism against messianism.

Pawłowski, P. and Kuisz, J. (2014, March 18). O Balcerowiczu, „jedynce” dla Kamińskiego i finansowaniu Kościoła [On Balcerowicz, the first place on an electoral list for Kaminski and the financing of the Church], Kultura Liberalna, nr 271 (11/2014).

[INTERVIEW with J. K. Bielecki]

<https://kulturaliberalna.pl/2014/03/18/balcerowiczu-jedynce-kaminskiego-finansowaniu-kosciola-wywiad-miesiaca/>

**Łukasz Pawłowski and Jarosław Kuisz: Let us start the conversation from the end. We are wondering how we should present you once this interview will be published: "Jan Krzysztof Bielecki, chairman of the Prime Minister’s Council of Economic Advisers, former Prime Minister and former liberal"?**

Jan Krzysztof Bielecki: If it suits you, be my guest. I am very flexible.

(…)

**So why not just call yourself a liberal?**

- The idea was to clearly separate myself from people who describe themselves as liberals but who, in fact, think ideologically without paying attention to a hard and sometimes brutal reality. (…) The bone of contention is over whether capital has nationality. Orthodox liberals say that capital has no nationality whatsoever. Since I have been involved in the development of the Polish state for the last 25 years, I cannot accept such a view. For me, this reasoning is utterly naive or demonstrates a lack of analytical skills.

**What do you think nowadays about Leszek Balcerowicz [former Finance Minister who has been considered as the “father” of Poland’s transition towards capitalism]?**

- On the one hand, he is someone whom I consider as very close in terms of experience and cooperation, but, on the other hand, he is someone who has been recently expressing views that are very different from mine. I have already described the main bone of contention. I personally think that capital has a nationality and I am capable of proving it for hours.

Sroczyński, G. (2014, May 16). Jak kusi kasa. Spowiedź liberała [How money is tempting; confessions of a liberal]. *Gazeta Wyborcza*.

[INTERVIEW with J.K. Bielecki] <http://wyborcza.pl/magazyn/1,124059,15976928,Jak_kusi_kasa__Spowiedz_liberala.html>

(…)

Jan Krzysztof Bielecki: Capital simply does have a nationality.

**Journalist: Does capital have a nationality? Interesting.**

- Of course, it does!

**After all, you were the ones who always said that capital has no nationality.**

- You, you...

**You, liberals.**

- I did not write this, I did not say this.

**Your mentor Janusz Lewandowski or Leszek Balcerowicz – both of whom were ministers in your government.**

- Everyone is responsible for themselves. Capital has a nationality and this view marks an important dividing line.

**Between whom and whom?**

- Between those who those who consider the economy as an ideal theoretical model, and those who understand the economy.

Wielowieyska, D. (2014, October 14) Nie o taki liberalizm chodziło [This was not the type of liberalism we fought for], *Gazeta Wyborcza*.

[INTERVIEW with J.K. Bielecki]

**Journalist: Have you, a liberal, become a statist – together with Civic Platform politicians – and a supporter of far-reaching state interference in the economy?**

J.K. Bielecki: These are meaningless labels. Our focus has been on the sustainable development of Poland. During the last seven – crisis – years, Poland had the fastest rate of economic growth in Europe and one of the fastest rates in the world. Our international position has never been so strong ever since the Jagiellonian era [i.e. the 15th and 16th centuries]. This is the result of Donald Tusk’s rule, and there are hard figures proving that. However, if you absolutely want to categorize us, I would say that our focus has been on patriotism, professionalism and pragmatism. As for state intervention, please do graciously look around us. It is only because of tremendous intervention by states – governments, central banks and regulators – that it was possible to prevent the great global crisis from turning into a major depression. One has to be blind and deaf not to realize this.

**This question stems from a simple comparison between what the Civic Platform said during the 2007 campaign and what Donald Tusk's government has been doing for the last seven years.**

- How relevant a question is it? I am not in the Civic Platform and I am not an advocate of the Civic Platform. I did not lead the election campaign in 2007. From 2008 we had the greatest economic crisis from time immemorial. The most important task of the government and the ruling coalition suddenly became to best lead Poland through these hard times. This task was successfully carried out because of pragmatic, reasonable politics, not because of ideological doggedness. Those whose mouths are full of clichés about how the Civic Platform betrayed liberal ideals have no idea about real politics. They criticize a Platform that never really existed. The Platform has always combined what you call liberalism with the idea of solidarity and patriotism. After all, the Platform stems from the "Solidarity" movement, and not from some sort of salon-like liberal version of reality.

**Civic Platform voters voted for it, however, when they were told that the privatization of state-owned enterprises and the de-politicization of those companies are necessary because private owners manage their assets better than the state does. This demand has largely not been met.**

- You are wrong. (…) It is not true that Civic Platform has halted privatization and reforms. The improving position of Poland in the rankings of business-friendliness is proof of that. Privatization has accelerated after years of rule by Law and Justice. But neither the Civic Platform nor any other party in the Polish Sejm [lower chamber of parliament] has postulated, nor does it postulate, the sale of a dozen of the largest strategic companies that have remained under the control of the State Treasury.

In some cases, privatization is necessary. In some other cases, it is harmful. There is no one scheme that would be universally optimal. Privatization makes sense when it strengthens competition in a specific market segment. The privatization of large domestic companies, such as PKN Orlen, would have to be preceded by good answers to questions about who would be the buyer and what impact it would have on the economy and consumers. If there were to be a repeat of the privatization of TP SA [Telekomunikacja Polska SA – sold to state-owned France Telecom with the consent of neoliberal economist and Finance Minister Leszek Balcerowicz], I think that we would be smart enough not to go down that road again. The privatization of TP SA was a mistake because we sold a monopoly to a foreign state-owned monopolist who defended his position on the market for the next 10 years. This was the wrong decision from the point of view of TP SA customers and the Polish economy.

## *Morawiecki, Mateusz (2007-2015: BZ WBK; 2015-2017: Min. Dev.; 2018-now: P.M.)*

Siennicki, P. (2017, January 5) Mateusz Morawiecki: Nie da się w białych rękawiczkach naruszyć zacementowanych interesów [It is impossible to shake up entrenched interests in white gloves]. *Polska The Times*.

<https://plus.polskatimes.pl/mateusz-morawiecki-nie-da-sie-w-bialych-rekawiczkach-naruszyc-zacementowanych-interesow-wywiad/ar/11657068>

**Few of your colleagues from the business world share this faith in the state.**

Morawiecki: Many of those who know what is being said in the world, what the IMF or the World Bank – and recently even the European Commission – are talking about, increasingly understand what we say. But some are indeed still contaminated with "the one and only valid" neoliberal theory. The Responsible Development Plan is not some kind of rebellion against universally accepted economic theories. The plan is a voice, a search for solutions in the context of the latest research and economic thought of the West. We refer to the best economists in the world, Nobel Prize winners, heads of large financial institutions, etc., and we are not stuck in dogmas from several decades ago. Today, people from the International Monetary Fund, the World Bank or the OECD come to Poland and tell us: you have a good development strategy, do it. They are also changing! Only a nubmer of hard-headed mainstream experts in Poland do not change and keep on saying that Poland;s greatest success will be the total privatization of everything, including probably that of the national emblem.

## *Piasecki, Marcin (2013-2016: PIR; 2016-2019: PFR)*

Naczyk, M. (2019, September 12). Author interview with Marcin Piasecki, Warsaw

**In recent years, Mariana Mazzucato's book was published and Justin-Yifu Lin’s "new structural economy" has been increasingly influential. Have any of these affected your thinking?**

For me, getting acquainted with some of these works was an opportunity to read theories that were consistent with what I had seen in the real economy. I often get the impression that, after the fall of communism, Polish economic policy was implemented out of economics textbooks by people who believed, and some surprisingly still do, that this is how the world works. And, as I studied and worked abroad for over 13 years, I was able to discover first hand just how far those theoretical representations are from the reality. Yes, of course, there is a free market, but there are also many exceptions to it in many places. One cannot be naïve. Mechanisms described in economics textbooks cannot be easily applied in the real world.

For me, the 2011 Mazzucato report was really interesting. She argued, for example, that innovations included in the IPhone had been made possible by public – not by private – money. And she helped fight the perception that the state can only be a night watchman providing a police, an army and courts. So, for me, it was interesting to find economists – for example Ha-Joon Chang – who described what I had seen in real life. Did it affect my perception? It helped me structure my thinking. My work experience in France and the UK gave me a window into real-world mechanisms. Later, during my time in the United Arabid Emirates, I interacted with the UAE’s policy-makers and managers of top institutions. It was an eye-opening experience to see these people think in a very sober manner without relying on some heavily caveated economic models.