

Strategic Challenges Review

Sovereignty

POLSKA WIELKI PROJEKT



Fundacja Polska Wielki Projekt
www.polskawielkiprojekt.pl
Warszawa 2023

Graphic design:
Wschód Studio

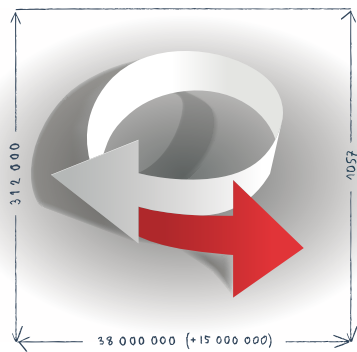
Circulation:
200 sztuk

Dofinansowano ze środków Instytutu Dziedzictwa Myśli Narodowej im. Romana Dmowskiego
i Ignacego Paderewskiego w ramach Funduszu Patriotycznego

zadanie „XIII Kongres Polska Wielki Projekt”

Partner Strategiczny

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The Peloponnesian War of the 21st century

Prime Minister Mateusz Morawiecki

History does not unfold evenly. The waves of history sometimes recede, sometimes rise and strike with great force. At the beginning of the 'Elements of the Philosophy of Right', Hegel wrote the famous words: 'The owl of Minerva spreads its wings only with the falling of the dusk'. Today, however, new principles are being written before our eyes, and we cannot afford to let wisdom and reflection come late, we cannot wait for dusk. Why? Because perhaps the twilight we are speaking of today is the twilight of Europe; perhaps it is the twilight of civilisation as we know it. The post-political era is coming to an end before our eyes. Politics has reminded us of itself by assuming the monstrous face of war; the world has once again been divided into two blocs. The dignity of the human person, individual freedoms, and democracy are values that we, in Europe, uphold. Modern Russia is their negation. Although neither the Berlin Wall nor the Iron Curtain separates East and West, the differences between the two civilisations are becoming clearer than ever. I am convinced that what is at stake in this war is not only the survival of Ukraine but also, perhaps above all, the future of the entire West and the entire free world. One thing is certain: the outcome will mark the end of an era. Whether it will be the end of Putin's Russia or the twilight of Western civilisation depends on us. Let us first answer the question of where we are today. If I had to describe Europe's current situation in one word, it would be 'crisis'. A crisis is the most difficult and decisive moment in the course of an illness when it is decided whether the patient will recover. Europe is in crisis and it is up to us to write the rest of its story. Will it be its decline or its renaissance? History does not repeat itself but it often rhymes. We cannot cling to historical metaphors and references but the history of states and the mechanisms of politics have their regularities. We could put it another way: the angel of history moves forward but his face is turned backwards, towards the past. For us, this metaphor is unintuitive since we think we are moving forward and our gaze is directed towards what is about to happen. However, this is how history was understood by the ancient Greeks. We are moving forward but our gaze is fixed on the past. The pivotal event for our Greek ancestors was the Peloponnesian War -

the culmination of their history and their downfall at the same time. The mechanisms of this conflict became the framework for all subsequent great conflicts for supremacy in Western civilisation - the Thirty Years' War, the Napoleonic Wars, the two World Wars, and finally the Cold War. It is argued that today we have entered a period of structural tensions, wars, and rivalries that will shape the world order for decades to come. The West is the heir of Athens and the East is the heir of Sparta. Athens became the capital of freedom and the birthplace of philosophy while the polis was the common good of all citizens. In Sparta, militarism and autocracy triumphed, and the life of the individual was completely subordinated to the interests of the city-state.

The Peloponnesian War of the 21st century is upon us, and we must reverse the course of history. In antiquity, Athens won spiritually by making us her descendants. Today, it must also win militarily to ensure a secure future for future generations of Europeans. And although Europe is bending under the weight of its own legacy, it must once again carry it. Europe will not make the mistake of Athens; it will stand in solidarity against Russian imperial inclinations. Karl Marx happened to write a prophetic passage in which he is convinced that the condition for the normal development of Europe is the destruction of Russia with its Asian political and moral habits. Only the defeat of Russian tyranny could save the Russian soul.

Europe is like a great and mighty tree whose strength lies in its roots - the unique triad of Greek philosophy and democracy, Roman law, and Christian ethics created what serves us to this day - Western civilisation, the civilisation of the free world. It is our heritage and our best deposit for the future. That is why Europe is always young and forward-looking. But will we, as a European Community, realise this extraordinary potential? Will Europe take its place on the world stage? Today, it faces one mortal threat in particular, namely, the victory of Russia. Russia is the antithesis of all our cherished values. A Russia that wants not development but a return to the era of imperial conquest, not new technologies but old lies, not privacy and security but total surveillance, thought police, and private ar-

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Mateusz
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mies. Therefore, we must remember that the whole narrative of a new Europe in a new age of humanity can quickly fall into ruin. It can become an empty tale by crushing under the onslaught of one of the eternal curses of humanity - imperialism.

In a short space of time, we have sparked a real awakening in Europe, which had been in a sweet slumber for decades. The idea that history has come to an end, that it is therefore possible to indulge in sweet laziness, has collapsed like a house of cards. Those who threaten Europe can only be strong through its weakness and can only dream imperial dreams when Europe is asleep. The imperial march often begins innocently enough, and it is only many years, many decades later, that historians try to determine its true beginning. Empire-building is an ongoing process as it requires a continuing supply of unfortunate building blocks such as blood, wars, partitions, attacks on neighbours, and the sowing of fear and propaganda. Russia did not start rebuilding its empire yesterday. After recovering from the collapse of the Soviet Union, it has systematically pushed further and further. If, 100 years from now, the history books contain the words of a Polish politician, they will most likely be those of the late Lech Kaczyński: 'Today Georgia, tomorrow Ukraine, the day after tomorrow the Baltic states, and later, perhaps, it is time for my country, Poland.' The West slept through Russia's awakening. Even when Russia gained strength at the expense of the misery of its own people, building up its army, pacifying the Caucasus, awakening the demons of nationalism, attacking Georgia and subjugating other countries, the West still tried a naive policy of resetting. The West was still foolishly hoping for a stabilisation of relations. When Russia was preparing to partition Ukraine, many Western countries were still selling it arms. It was only when Ukraine mounted a heroic resistance, and the countries of Central and Eastern Europe, led by Poland, rushed to its aid, dragging the whole of NATO with them, that the West finally opposed Russia. It finally understood that this battle could not be lost. What would have happened if Russia had won?

The greatness of Europe is not gone. The European values for which blood has been shed are still alive. However, today, the heart

**Prime
Minister
Mateusz
Morawiecki**

of Europe beats stronger in Warsaw and Kiev than in Berlin and Paris. A historic opportunity has opened up before us: Ukraine will regain its sovereignty and freedom, Poland will gain security on its borders, and Europe will have a century of peace unthreatened by Russian imperialism. Russian imperialism must be defeated and, in the process, we must strive for the borders of the European Union to coincide with the geographical borders of Europe. Ukraine and other Eastern European countries are the brother nations of Poland, France, or Spain. What is at stake in this war is a change of geopolitical course for Poland. A chance for the first time in hundreds of years to move eastwards, to enlarge Europe, to change the political geography of our continent, to build a new security architecture, and to draw a new map of Europe, free from the permanent threat of Russia. It is a chance to illuminate places on the map that have always been overshadowed by an ominous shadow; a chance to draw Ukraine, and perhaps in time Belarus, into the orbit of European structures. It is also an opportunity to consolidate cooperation with the United States so that the Atlantic world stands firmly on two legs. Finally, it is an opportunity to become a pivot state of the European Union in politics, security, transport, energy, and trans-regional cooperation.

A new geopolitical order in Europe will emerge from this war. Russian aggression has become a catalyst for radical political and economic change. The sides in this war are good and evil - an update of the age-old conflict between values and their negation. We, Poles, have known for several hundred years that Russia in every incarnation is a mortal threat not only to Poland and the countries of Eastern Europe but also to the entire free world. We must go into the future, so obscure and uncertain, with a lamp and a moral code. We have a past to draw on and we have teachers to learn from. Polish political doctrine must draw its nourishment from the centuries-old traditions of Polish republicanism. The eminent eighteenth-century thinker, Father Stanislaw Konarski, formulated a remarkably accurate diagnosis of Poland's geopolitical location: 'Every republic should look first to its own political reason and interests, and only then to the affairs of others. Great neighbours do not seek our benefit,

but theirs' These are not words from a dusty archive but a poignant lesson in political realism.

Today, we know beyond a shadow of a doubt that neither peace, security, nor freedom is given forever. It is our duty, our most sacred national duty, to strive for them. Concern for the sovereignty of our homeland leads to the construction of Europe's security structures. Only a Europe in which nations can prosper in peace and freedom will be a safe home. Only a Europe that is strong, conscious of its heritage, and faithful to the values that have made it great can withstand the turbulence of history. Only such a Europe will endure. Building such a Europe is a great task for all of us, and no one can absolve our generation from this task. Thank you very much.

Good morning, ladies and gentlemen. It has indeed been a truly fascinating speech by the Prime Minister. I think that in times of breakthroughs, in times of such profound change, we often hear grand words. We hear declarations that this is an exceptional time but, perhaps, we needed this speech from the Prime Minister to make it resonate in such a condensed form, to really make us appreciate once again that this is a defining moment.

**Jacek
Karnowski**

It was suggested to me the other day that Poland is probably the only country in Europe where so many geostrategists have emerged in recent times. They have published books that reach an audience of millions on social media, fuelling this debate of ours, sometimes successfully, sometimes less so. But it certainly shows that many Polish people intuit that we are at a turning point. Prime Minister Mateusz Morawiecki emphasised that we are facing a historic opportunity of a new geopolitical order emerging with the heart of Europe beating in Kyiv and in Warsaw. The stakes are enormous since they will determine our fate, the fate of the region, the fate of Europe. As a consequence, perhaps, also the fate of the world for hundreds of years. Victory is the key to the future. The victory in the East, over a specific opponent, Russia, which represents the East, which is understood here as a threat. There are many questions and I think we will go into more specific topics later in the panel, but I would like to

start by asking the honourable speakers to indicate what in the Prime Minister's speech you found most important, most interesting. Perhaps there were elements that you would like to argue with. I would like to invite Minister Jacek Czaputowicz to speak first.

**Professor
Jacek
Czaputowicz**

Thank you very much. Certainly, it was an important speech. The Prime Minister has presented these ideas many times in international debates and on the pages of foreign journals. This is an attempt to model this conflict as a clash between two civilisations, the West on the one hand, and this civilisation led by Russia or perhaps Russian civilisation on the other. I have some doubts as to whether this conflict should be presented in this fashion.

I think it is a war between Ukraine and Russia. Ukraine has been invaded, Ukraine is fighting, and the West is not, and does not want to be, a party to this conflict. We do not want the Polish army to go in there and fight with their tanks, and neither do other countries. This is a fight to restore international law, a fight to restore the possibility for Ukraine to return to its borders in accordance with international law. Only a goal defined in this way will be the cause of Putin's system's potential collapse. I would like to point out that in the narrative of Russian propaganda, Vladimir Putin and Russia are encircled. Russia is fighting the West, and NATO and Poland are parties to this conflict, as are the Americans and, more recently, Germany. So, I would look for a more measured, more analytical language based on values and international law. That has been my first point.

The second point is the question of the Peloponnesian War. It is certainly a very important conflict in history, which took place 2,500 years ago. Many significant mechanisms were introduced there. The most famous sentence from the book of Thucydides, which is repeated by scholars of international relations, is that the real cause of the Peloponnesian War was the rise of Athens and the fear this generated in Sparta. Why is this statement so important? The Prime Minister skilfully captured the differences between democratic Athens, on the one hand, and authoritarian Sparta on the other. However, the real cause was not intentions nor any differences between polit-

ical systems. The underlying reason was the change in the balance of power, the unequal rise of the powers, and the Spartans being concerned that if they did not attack Athens at that moment, Athens would dominate the world. One can relate to this idea, implicit in the great work of Thucydides, by saying that Vladimir Putin has concluded that the advantage of the West is already so overwhelming that now is the moment for Russia to regain its influence because later it will be too late. This is also an indication of the important systemic aspect of what causes wars. And here, I would certainly agree with the Prime Minister when he presents the end of post-politics, conceived as the end of history, as a state in which there will be no wars between great states. Of course, it has turned out that history is cyclical and wars are still a useful tool of politics. Consequently, we have to be prepared. The reaction of both Poland and other countries of the European Union, coupled with investment in armaments, is appropriate here.

The Three Seas Initiative: between the Adriatic, the Baltic, and the Black Sea

Grzegorz Górny

The Three Seas Initiative was born in September 2015, thanks to the presidents of Poland and Croatia - Andrzej Duda and Kolinda Grabar-Kitarović - who met in New York at the UN Summit. During this event, the issue of the development imbalance between the so-called Global North and the Global South was discussed. It was pointed out that the planet's infrastructure networks are mainly built on an east-west axis, while more north-south projects need to be created to balance out the world's development.

Beata Daszyńska-Muzyczka, President of the Board of Bank Gospodarstwa Krajowego and Chair of the Board of the Trilateral Fund, recalls: 'These remarks by the Presidents of Poland and Croatia, made about a global situation, were applied to our region: Central and Eastern Europe. We also had most of the connections, for example, in transport and energy, on the East-West axis, while there was a dramatic lack of such initiatives on the North-South axis. It has resulted in a loss for the countries of our region. It was in this context that the Three Seas Initiative, the original contribution of our Presidents to the global debate on sustainable development, was born. At its core was the conviction that there was a need for closer economic cooperation between the 12 countries of the region, which lies between the Baltic Sea, the Adriatic Sea, and the Black Sea. Generally speaking, these are the countries that used to be behind the Iron Curtain, under Communist rule, and have now joined the European Union in the 21st century (Austria being an exception).

The first summit of the Three Seas Initiative was held in Dubrovnik, in 2016. It was attended by representatives from Croatia, Slovenia, Bulgaria, Romania, Hungary, Austria, Slovakia, the Czech Republic, Poland, Lithuania, Latvia, and Estonia. At that time, major infrastructure investments in our region were identified as a priority for cooperation in three areas: energy, transport, and digitalisation. In these areas, the gap between Central Europe and Western Europe, caused by decades of communism, was enormous. Projects such as Via Carpatia, Rail Baltica, or the Swinoujscie-Krk pipeline are just a drop in the ocean. The transport deficit within the region of the Three Seas is illustrated by a very telling fact that a train jour-

ney from Tallinn, in Estonia, to Constanta, in Romania, takes three days and three nights, while the two cities are XYZ kilometres apart. According to 2019 estimates, if the countries of our region sought to bridge the gap with the Western countries of the old continent in these three areas alone, over €650 billion would have to be spent by 2030.

Central Europe, of course, does not have that kind of capital, so the idea has been to attract it. That is why, in 2017, the second Three Seas Initiative Summit in Warsaw resulted in creating an investment fund to finance large infrastructure projects involving at least two countries in our region. This is how the Three Seas Initiative Investment Fund was created, with the aforementioned Bank Gospodarstwa Krajowego as the main shareholder.

Beata Daszyńska-Muzyczka said: ‘We have established cooperation with banks, development agencies, and government institutions in the Three Seas countries and have found nine investors. From the beginning, Austria refused to participate in the fund, which is understandable as they do not have the same infrastructural deficits as the other countries. The Czechs and Slovaks have not yet decided on their financial involvement. We, as BGK, are the largest investor in this group - our commitment is €750 million. The total amount available for investment in the region is almost €930 million’.

Three Seas Initiative Investment Fund has already invested this money in five regional projects, which it now manages to ensure a return on investment. Beata Daszyńska-Muzyczka points out that this institution was never intended to finance all the infrastructure needs in our region. She notes that its role should be more about creating incentives to encourage others to make structural investments: ‘It is about building recognition of the Three Seas as a forward-looking and attractive place to invest capital and do business in. The success of the fund will show that it is worth investing in this part of Europe. However, we cannot replace cooperation between national governments and ministries, as many decisions on cross-border issues need to be taken at this level. If there is political will, it will be easier to attract private investors.

Potential investors may also be attracted by the attractiveness of the Three Seas region, which is the fastest-growing economy not only in the European Union but also in the world. In recent years, despite the coronavirus pandemic and the war in Ukraine, our region has experienced higher GDP growth than Western Europe. What is more, the pandemic made the political and economic elite in the West realise that they were too dependent on the Chinese economy and, in particular, on imports of essential goods. A single shock to the supply chain from that direction was enough to jeopardise the health security of the entire European population. As a result, there was a need to shorten the supply chain and allocate investment capital. As a result, an opportunity has arisen for the Trimarium countries to attract new investment as they have a financially competitive and well-educated workforce with high levels of cognitive competence.

Interestingly, the aforementioned fund is the only institution within the framework of the Three Seas Initiative, which is an amorphous entity. It has no structures, not even its own secretariat. This is not exceptional. The Visegrad Group (established in February 1991 as the Visegrad Triangle), which also lacks any organisational form, operates in a similar way. According to Foreign Minister Zbigniew Rau, the Triangle is a 'coalition of the willing', i.e. countries that understand that they have many converging interests and can therefore implement some projects together. Of course, this willingness is not the same in all areas but all the countries in our region are keen to develop their transport, energy, and digital infrastructure. Moreover, in the long run, the goal is to close the civilisational and economic gap with Western Europe. This is why, in the words of Zbigniew Rau, 'sectoral cooperation of individual governments in the implementation of specific projects' seems crucial.

Success in this area has attracted other countries to the Three Seas Initiative. The United States, Ukraine, and Germany became strategic partners of the initiative (the latter even applied to join the initiative, but was not accepted as it was believed that its presence there would cause it to dominate the entire alliance, despite being a foreign body in it, as it does not need to catch up economically with the West).

In September 2023, on the other hand, it was announced at the Bucharest summit that Greece had become the new (thirteenth) member of the Three Seas Initiative. Greece sees, among other things, an opportunity for its development by joining the Via Carpatia. Jerzy Athanasiadis, President of the Polish-Greek Chamber of Commerce and Industry, said, that if it were possible to connect the Baltic Sea with the Aegean via this motorway, Polish ports would become much more competitive than German or Dutch ones. Ships coming from Asia via the Suez Canal would no longer have to circumnavigate the whole of Europe from the south, but could, thanks to the Via Carpatia, unload their goods in Thessaloniki and then transport them overland across the continent to, for example, Gdynia and Gdansk. Mr. Athanasiadis said that he was not surprised by the constant difficulties the route faces since many influential circles are intent on ensuring that it is never constructed, or that it is constructed as late as possible.

Investment in the economy, especially in the three areas of energy, transport, and digitalisation, is also an investment in the security of Central Europe. Russia's full-scale aggression against Ukraine has made the elites of most countries in our region aware of the importance of these sectors for national security. In light of the above, many infrastructure investments, such as motorways, railways, or gas interconnections, can contribute to NATO's eastern flank resilience structure.

Closely related to the security issue is the support of the United States for the integration of our region. This was particularly evident in 2017 during the Three Seas Initiative summit in Warsaw, which was personally attended by US President Donald Trump. Indeed, there is a bipartisan consensus in America on this issue, bringing together Republicans and Democrats, regardless of their domestic political differences. This is evidenced by the unanimous resolution adopted by the Foreign Affairs Committee of the House of Representatives in 2020 in support of the development of the Three Seas Initiative. It was considered extremely important from the point of view of the American *raison d'état*. It is determined by both eco-

conomic considerations and international security architecture, especially given the Russian threat.

It is the countries of our region that have become more aware of the danger of Moscow's imperialism and have warned against underestimating Vladimir Putin's revanchist policies. For years, however, their voice was ignored by the elites in Berlin, Paris, and Brussels, who preferred to make deals with the Kremlin. History has at least paid tribute to the leaders of Central Europe, the most representative of whom was Lech Kaczyński, who warned of the Russian threat in his high-profile speeches, including the one at a rally in Tbilisi, on 10 August 2008, and in Westerplatte, on 1 September 2009.

The heightened sensitivity of the peoples of our region to the aforementioned danger is shaped by the still vivid history. Zbigniew Rau, the head of Polish diplomacy, speaks of the common destiny uniting the countries of the trilateral (with the exception of Austria, which had a different historical experience): 'First of all, in the last five hundred years each of our countries has lost its independence at least twice (...) The result of the long-term loss of independence was the absence of agency. When the neighbouring powers waged war against each other, it was on our soil. When they made peace, it was at our expense. For them, we were always a periphery, a province, a buffer. As a result, for a long time, we had no institutions of our own and no experience of public life that presupposed agency. There was none of the institutional stability that characterised the West at that time. In the 19th century, no one here thought in terms of elections, terms of office, parliamentarism, or political representation. You planned from one armed uprising to the next. Politics was done in the woods, in the streets, underground. Therefore, politics was experienced in a very personal and emotional way".

The Three Seas countries do not share such a common destiny with the countries of Western Europe, which have had very different historical experiences. The awareness of how fragile independence is, and how thin the line between national existence and non-existence remains, is inscribed in our region's cultural code. This is expressed, for instance, in the national anthems, in which

the motif of an existential threat to the whole nation appears. This is why Central Europe perceives waves of Muslim immigration or the centralist ambitions of Euro-bureaucrats differently from the western part of the old continent.

Nor do the Three Seas countries share a common memory with Western Europe. Memories of the horror and misery of communism, which the Western countries did not experience, are still alive in our region. Most of our anti-communist heroes are not heroes for Western societies. Marxism in Central Europe is not seen as a hope for humanity but as a cul-de-sac and a nightmarish experiment with millions of victims. For this reason, the Three Seas nations appear to be more sensitive to the utopian social engineering projects to which the intellectual elites of the West often succumb.

Nor does the Three Seas region form a community of values with Western Europe as evidenced in the sociological study published in 2018 by the renowned sociological think-tank Pew Research Center. It was conducted between 2015 and 2017 on a large sample of up to 56,000 respondents in 34 countries in Western, Central, and Eastern Europe. The questions addressed axiology, but not at the level of general declarations, but of specific life situations. In the declarative sphere, what unites the inhabitants of our continent are 'European values'. On closer inspection, however, these can be understood in different, and often contradictory, ways. Respondents were asked, among other questions, whether they were in favour of the legalisation of homosexual 'marriages', whether they would accept a Muslim as a member of their family, or whether Christianity was an important element of their national identity. The results of the research, which was later reflected on a geographical map, showed a radical division between the East and West of Europe. It showed that the majority of Europeans from both areas no longer share the same attitude towards the Christian religion, traditional morality, the natural family, and the nation state. The two parts of Europe seem to represent different value systems. Remarkably, the border between the two territories runs exactly where the 'Iron Curtain' had been only three decades earlier. The whole of the Three

Seas Project (with the exception of Austria) is on a different side of the map to the West.

One of the differences that emerged from the abovementioned research was the attitude towards the nation state. It seems that people in our region are more attached to this category than people in the West, who are more likely to see themselves as citizens of a European federal state with ambitions to transcend national differences. This difference is mainly due to the peoples of Central and Eastern Europe having been long deprived of their own statehood. Therefore, today, they value statehood particularly highly. They perceive the nation state as a better guarantee for the defence of their interests than various international entities.

This has made the inhabitants of the Trimarium more attached to democracy compared to Europeans in the West. After all, a democratic system could only develop within the framework of a nation state and not within the framework of supranational creations. The sovereign in a democracy is the demos (Polish: lud, Latin: populus), whereas there is no such entity as the European demos. Therefore, the European nation cannot be a sovereign in a democratic system. Democracy is only possible in a nation state. The larger the transfer of powers and competences to supranational and international organisations, the further democracy is reduced and the further real governance passes into the hands of oligarchies. Politicians, political scientists, and columnists from our region are increasingly sounding the alarm that such a scenario is possible in the European Union, cautioning against EU federalisation and the centralist ambitions of Brussels-based Eurocrats.

The creation of the Three Seas Initiative is an attempt to integrate our region more closely around cross-border infrastructure projects. The process of forging a common identity among the peoples of our part of Europe, based on similar historical experiences, is a central part of it. There is also a growing awareness of common civilisational and economic interests, as well as the need for security. The Trimarium can, therefore, be seen as an attempt to articulate a sense of distinctness and agency.

In the 20th century, decisions about the future of these countries were taken mainly in capitals such as Washington, Moscow, London, Paris, or Berlin. For decades, people had become accustomed to having no voice to be reckoned with in the vast area between Russia, Germany, and Turkey. The last such centre was Vienna but the collapse of the Habsburg monarchy after the First World War put an end to it.

In the first years after joining the European Union, the countries of Central Europe focused on closing the economic gap with the West, neglecting regional cooperation. This kind of policy, which involved implementing models from the centre of the EU, was called 'imitative modernisation'. Recently, however, this has begun to change. There is a growing awareness that closing the gap with the West does not have to be at the expense of regional cooperation. On the contrary, there is a growing conviction that the two approaches complement each other.

However, the representation of our region on the European stage to fight for common issues is still too weak. After all, the Triarium countries have greater aspirations than simply being a supplier of well-educated human resources to the highly developed economies of Western Europe. Beata Daszyńska-Muzyczka said: We do not accept the situation in which we train qualified specialists who are later absorbed by Western European countries, which not only deprives our market of talent but also creates obstacles to the development of our region. For instance, it eliminates our competitive advantages. This attitude has nothing to do with equal partnership and solidarity, officially proclaimed as European values.

Unfortunately, the awareness of common interests is not sufficiently translated into cooperation within the EU. By acting together, the Three Seas countries, with a combined population of more than 110 million, would have more impact than each of them individually. The problem, however, is that this is not entirely in the interests of more powerful states, such as Russia and Germany, which have different visions of how to manage our region. Berlin, in particular, has been trying to use its pressure and influence to prevent greater

integration in Central Europe without its dominant role. In his book "Adults in Peace", former Greek finance minister **Janus Varoufakis** describes what this means in practice. Based on his own experience, he outlines the ruthless mechanism for disciplining governments unwilling to submit to German domination.

These difficulties mean that the Trimarium countries are only at the beginning of the road to closer cooperation. However, the prospects for such cooperation seem more than encouraging.

Why do the Germans refuse to talk about reparations?

Prof. Grzegorz Kucharczyk

In 1939, Germany was not planning an ordinary war. The aggression against Poland was to be a prelude to the total annihilation of the Polish nation. The Führer of the German state and nation, Adolf Hitler, on 22 August 1939, at Obersalzberg, left no doubt regarding this issue. It was when he gave the last briefing to the Wehrmacht High Command before the German Reich attacked Poland. The German leader had already been absolutely certain that he would not have to fight a two-front war at this stage of the conflict. The Reich's Foreign Minister, Joachim Ribbentrop, had been already preparing to fly to Moscow the following day to sign a 'non-aggression pact' with his Soviet counterpart, Vyacheslav Molotov. The pact was to become a de facto death sentence (contained in the famous secret protocol) for Poland and the whole of Central Europe.

Confident in the support of another totalitarian power, Hitler, speaking to a trusted audience, revealed to his generals in all sincerity that the German army attacking Poland should be guided by what he alluded to saying 'The destruction of Poland is very much in the foreground. The aim is the elimination of living forces, not the achievement of a definite line. [...] Let no sympathy enter your hearts. A brutal procedure. 80 million people must be given their rights. Their existence must be guaranteed. The stronger has the right. The greatest ruthlessness. Genghis Khan slaughtered millions of women and children with full knowledge and joy in his heart, and history sees him only as the founder of a great state. I could care less what the weak civilisation of Western Europe will say about me.'

The German generals and soldiers, as well as all other services and agencies of the German state after 1 September 1939, fully complied with the directives of their leader. The Second World War unleashed by Germany and the Soviets was, in fact, an attempt to destroy the Polish nation completely, in a biological sense. The German occupation lasting from 1939 to 1945, in the areas directly incorporated into the German Reich, in the General Government, and in the Polish territory which was occupied by the Soviets after 17 September 1939 (only to come under German occupation after 22 June 1941, up to 1944), cost the lives of almost three million Polish citizens. The

German authorities were particularly ruthless in exterminating the Polish elite from the first weeks of the occupation.

The genocide in the Polish territories occupied by the German state began even before the German Reich set in motion the genocidal machinery of extermination of Jews (the majority of Polish Jews perished in the Treblinka, Belzec and Sobibor extermination camps of Operation Reinhardt in 1942). Its victims were representatives of the Polish elite. The Pomeranian massacre, the Tannenberg operation, and the AB operation in 1939-1940 were where German state functionaries and German neighbours (cf. the participation of the German self-defence unit in the Pomeranian massacre) practised crossing successive bloody Rubicons. There, they learnt how to murder thousands of defenceless, naked people (the Piasnica forests).

Consequently, we, as a state and nation, were deprived of our capacity for development for years. The chains of continuity of Polish intelligentsia were broken. Professors, teachers, judges, and land-owners who perished as a result of the German state's policies were no longer able to produce their own children and students. These are irreparable losses for which no amount of reparation can compensate. Therefore, in our discourse on reparations, it must be emphasised that the report on reparations presented by the Polish government speaks only of symbolic reparations. No amount of money can make up for the fact that the German state denied us the opportunity to develop for many decades. In addition, there is the organised and systematically expanded mechanism of economic exploitation of our territories by the German Reich. The expropriations of Polish property and industry undertaken by the Germans were equal in scale and brutality to those organised by the Soviets after 17 September 1939.

The legal continuation of the German Reich, which ceased to exist in 1945 (the constitution adopted in 1919 did not formally cease to be in force in Germany after 1933), is the Federal Republic of Germany, established in 1949. This is the official legal doctrine of our western neighbour, formulated more than once by the Federal Constitutional Court in Karlsruhe (to present one example, in the 1970s, on the occasion of a challenge to the border agreements with

Poland, among other states, which were concluded by the government of Willy Brandt). At present, Germany has adopted a position on reparations owed to Poland that can be summarised as 'there is no issue, because, after all, Poland has long since renounced reparations'.

This stance is based on the thesis that reparations were renounced on behalf of Poland by the communist authorities imposed on us after 1945. However, the document in which the Bierut government supposedly renounced reparations has not been produced. The most important argument, however, is that the government of the Polish People's Republic was not sovereign as it was a Soviet vassal. It renders any renunciation a forced declaration and, therefore, invalid. This was already stated years ago by the eminent legal scholar Prof. J. Sandorski of the Adam Mickiewicz University in Poznan.

It is also noteworthy that the Germans themselves have repeatedly expressed their conviction that the issue of reparations to Poland is open. Otherwise, in the autumn of 1989, Helmut Kohl's government would not have pressured Tadeusz Mazowiecki's government to renounce the reparations in exchange for a unified Germany's recognition of the Polish border on the Oder and Lusatian Neisse rivers.

The rules for the collection of reparations by Poland, as laid down at Potsdam in 1945 (after the final deliberations of the Big Three), assumed that the reparations would be paid to us by the Soviet Union. However, it was, in fact, Poland who subsidised these 'reparations' given that the Soviets plundered our coal deposits. Moreover, the assets exported from Germany by the Red Army included many that had belonged to Poland before September 1939 (e.g. railway rolling stock).

It should also be noted that the issue of reparations, recently taken up by the Polish government, raises objections from Berlin not only for moral reasons (a reminder that the Germans were mass murderers and robbers) but also for financial ones (the need to pay **SYMBOLIC TRILLIONS**). The reason is that the initiative deprives Berlin of an instrument of pressure which it has always used in its relations with Poland. It should be remembered that the demands

for compensation were first made to Warsaw by the Germans at the beginning of the 21st century. They were formulated by various compatriot groups (usually politically linked to the Christian Democrats). The German government formally dissociated itself from them but did not completely reject them. It assumed that a possible change of position on this issue could be an instrument of pressure. After the publication of the reparations report by the Polish government, Berlin was deprived of the possibility of pressure or blackmail.

When addressing the issue of German reparations to Poland, and in particular, the reluctance of the German side to address it, it is also vital to consider the wider context. Recalling Polish demands for reparations [in the context of the German war and occupation of Polish territory by the method of "extermination" (Vernichtungskrieg), coupled with the German authorities' reluctance to enter into reparations negotiations] blatantly contradicts the image of contemporary Germany as a "humanitarian power". It is precisely this image of the 'benevolent hegemon' that has been a pillar of the soft power of the new Federal Republic since German reunification. Berlin's intransigence on the issue of reparations creates a serious dissonance.

Recently, a book by Leipzig University literary scholar Prof. Dirk Oschmann (Der Osten: eine westdeutsche Erfindung, Berlin 2022/The East: West German Invention), which analyses the reasons for the lack of internal German unification as a result of the 'colonial' policies of the 'West Germans' in the former GDR, points out that this is the aftermath of the persistent conviction in German political culture that the East (in this case the 'new Länder' in eastern Germany) is a cultural desert, something fundamentally inferior in terms of civilisation. The Polish reparations report disproves this German myth of the "wild East". The report recalls figures and facts that prove that the 'German cultural nation' (deutsches Kulturvolk) behaved during the Second World War not only as a nation of genocidaires but also as a nation of plunderers. How could it happen that a nation of 'culture carriers' (kulturträger) exported dozens of depots full of looted goods from this 'barbaric East' (from Warsaw alone)?

Who knows if this is not the real reason for the German reluctance to address the issue of reparations.

However, it cannot be ruled out that after the Polish parliamentary elections in autumn, when a coalition of 'reasonable people' with 'European values' will come to power, the German government will attempt to perform some kind of 'reparations gesture'. If it happens, it will allow the new government to establish its credibility in the eyes of the Polish public, the majority of which did not demonstrate any reluctance to address the reparations when voting in October 2023. The political calendar (elections to the European Parliament and local governments at all levels in 2024, and presidential elections in 2025) suggests such a possibility. However, even if this were to happen, it would only be a gesture to support those in Poland who believe that 'the only way to Europe is through Germany'.

Conservatism as creative reorganisation

Prof. Michał Łuczewski

The modern world is a world of incredible acceleration. Instead of coming to an end, history is gaining momentum. What was unthinkable a moment ago is now becoming normal, only to be relegated to the past. Everything seems to be collapsing. Every area of life is affected: families, institutions, religions, states, and mental health.

The Eberstadt Experiment

Mary Eberstadt is one of the most prominent figures in contemporary American conservatism. During the 13th Congress of the Polska Wielki Projekt, she conducted an experiment. I have called it the Eberstadt Experiment. She asked the audience to imagine that extraterrestrials came to Earth with one purpose - the destruction of humanity. Since the alien beings have a higher and more complex intelligence than we do, they want to carry out our destruction with our own hands. They do not want to perform any of the spectacular actions seen in science fiction films; they want us to exterminate ourselves simply and quietly. Does not the world today look as if humanity is implementing this perverse and sinister plan? Is it not the case that an anti-humanist view of the world, in which human beings are seen as a burden on the planet, is becoming more and more widespread? Is it not the case that families are disintegrating, that sex is becoming increasingly reduced to pleasure, and soon will not even be pleasurable? Will not abortion become the supreme law? Will not the next generation we have raised become increasingly lost in a world of social media, games, and pornography? Who among today's youth thinks about creating families and extending humanity for decades and centuries to come? Are not all the institutions designed to nurture the next generation being destroyed? It would seem, then, that the Eberstadt experiment is not an experiment at all, but a fairly accurate description of our reality. Indeed, humanity, at least in the West, seems to be self-destructing quietly, by its own efforts, as if it had succumbed to some deceptive alien intelligence.

Although I have referred to this experiment as the Eberstadt Experiment, this kind of intellectual exercise has a very long tradi-

tion. It was from the assumption that we might be in the grip of a powerful evil spirit, a deus deceptor, that modern philosophy began. In the *Meditations on the First Philosophy*, Descartes presented the deceiving demon as a figure of the most radical doubt. If we can always and everywhere be deceived, what can we trust and what chance do we have of finding the unshakeable foundation and certainty? Whereas for Descartes the ultimate guarantor that we will not be deceived is the good and just God, in the experiment we are undergoing in modernity there is no longer a place for God. God becomes the great absentee. Who then will guarantee that we have not been deluded?

Managing tensions

How should conservatives behave in a world that is being led into temptation and self-destruction? What should be the role of conservatism in a world where all that is permanent is vanishing into thin air? What should its strategy be? Richard R. Rumelt, in his classic definition, describes the strategy as 'a thoughtful combination of resources and actions that provides an advantage in a difficult situation'. Given resources, the greater the challenge, the greater the need for thoughtful, rigorous integration of resources and actions."¹ Rumelt shifts our attention from the content of strategy to the level of management, i.e. (a) gaining a reflective distance from one's own actions; (b) defining the most critical challenge; (c) integrating resources and actions; and (d) finding a competitive advantage over others in the same field. This definition is based on the assumption that the greater the crisis, the greater the need for strategy. There is no doubt that today is a difficult time for the world as a whole, and for conservatives in particular. Not just one major challenge but many wicked problems (i.e. consisting of many interdependencies that make them seem impossible to solve). Hence the need for a close and thoughtful integration of resources and actions, as well as an answer

¹ R.P. Rumelt, *Dobra strategia, zła strategia*, Warszawa 2012, s. 160

to the question of what is the advantage of conservatism compared to other political philosophies.

Rummelt's definition is based on what he sees as a fundamental **tension**: the tension between resources and action. If we have infinite resources, we need not worry about strategy. If we can act as we wish without concern for resources, there is no need for strategy. It is only when the challenges we face mean that we can no longer act as we wish (or as we have always acted), and our resources are exhausted, that we need a strategy. I would like to explore this fundamental theme of tension highlighted by Rummelt using the paradigm of polarity thinking or polarity management. Polarity thinking is about distinguishing between problems and tensions. The next step is to manage the tension so that it is a creative tension rather than a destructive polarity. We follow an either/or logic when addressing problems and an and/and logic when addressing tensions.

Following Barry Johnson, I view tensions as pairs of inter-related elements that need each other. Tensions understood in this manner are found at every level of a system. In biology, for instance, typical examples of tension are inhalation and exhalation (one cannot exist for long without the other; we need one and the other to breathe!); in organisations, we encounter tension between the leader's direction and the group's participation. If we concentrate only on one element of the tension and treat the other element as a problem to be eliminated, then we begin to experience negativity. We cannot focus exclusively on exhaling or exclusively on inhaling. Similarly, in management, we cannot rely only on the leader's decision-making without considering the group's participation because this leads to an authoritarian leadership style. On the other hand, we cannot solely depend on involving the group when we do not know which way we are heading because it would result in chaos. At this point, the question arises: Why should tensions be managed at all? There are two basic reasons. Firstly, to avoid the worst-case scenario of polarisation between the elements, as opposed to creative tension. Secondly, to achieve a greater goal. Mary Eberstadt has outlined both elements very clearly. If the world continues in the direction it is moving, we

will be confronted with the end of humanity as we know it. It will be the end of the human world. The overall aim of conservatism is not to reconcile opposites but to protect the human world.

The Conservative Decalogue

During the 12th edition of the Congress Poland the Great Project, together with eminent thinkers: Adrian Vermeuel (Harvard), Patrick Deneen (Notre Dame) and Nigel Biggar (Oxford), we held a strategy session for the conservative movement, during which we identified 10 principles of conservatism:

1. Understand
2. Give reasons
3. Be grateful
4. Be courageous
5. Join others
6. Respect reality
7. Return to your own traditions
8. Protect what has been given to you
9. Fight parasitic bureaucracies
10. Create a better future

What struck me about this list was the affirmation, the positive, the values. Only one of the above references was reactive, perhaps even negative, but - note should be taken - it was not directed against specific people or against modernity as such, but against 'parasitic bureaucracies. If this list is compared to Eberstadt's highly critical diagnosis of contemporary culture, it can be seen that a negative assessment of reality does not preclude a positive and hopeful agenda.

From the perspective of polarity thinking, the above list of conservative principles has yet another highly valuable feature. The list is not a collection of unrelated elements but contains certain pairs of values that are only apparently mutually exclusive (either/or logic). They are, in fact, complementary (and-and) logic. Therefore,

we are faced not with problems but with tensions. A polarity map is proposed as a dynamic articulation and visualisation of the tensions. The map consists of a key tension between the two highlighted poles, and four boxes. The upper boxes indicate the positive outcomes, or values, that result from concentrating on a particular element of this tension. The lower boxes present the negative effects of concentrating on a particular pole of the tension without sufficient consideration of the other pole (see Figure 1).

Tension map

What are the key tensions for conservatism that emerge from the conservative decalogue? We can distinguish three basic dimensions of any social meaning: time, space, and humanity (in the language of Margaret Archer), or the humanistic factor (in the formula of Florian Znaniecki). Each of these dimensions can be found in the above catalogue of values. However, at the forefront of conservative thinking, in my view, is the dimension of time. I would therefore like to define the tension between past and future as a key tension for conservatism (see Figure 1).

From this perspective, conservatism is a worldview that seeks to be a contemporary ark between the past and the future. Conservatism is therefore not about looking to the past without considering the future, and even less about choosing the future at the expense of the past. Conservatism is the difficult art of facing the dilemma of how to take the finest elements of the past into the future. It should be done to stop the destruction of the world (the negative motivation articulated by Eberstadt) and to make the world more humane (the positive motivation articulated by Biggar, Deneen and Vermeule).

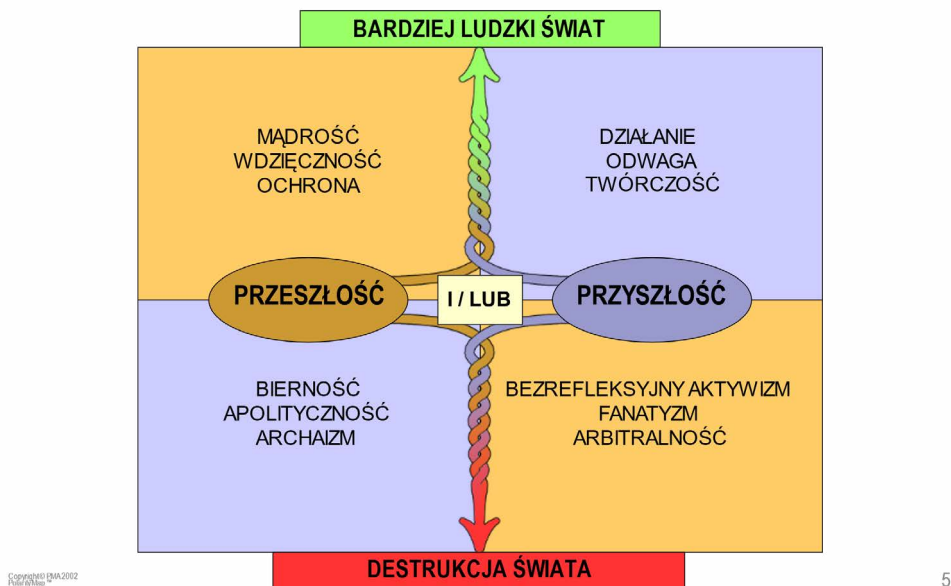


Figure 1: A map of the tensions in conservatism.

The emphasis on what we inherit from past generations allows for the implementation of core conservative values such as wisdom, gratitude, and protection (of traditions, gifts, etc.). These three values can be described, following Florian Znaniecki, as wisdom and goodness, or, to be even more succinct, as compassionate reasoning, which encapsulates the paradox of reasoning with the heart and feeling with the mind. However, conservatives are not confined to the past. Conservative values that relate to the future are courage, creativity, and action.

Conservatives must be able to manage these two poles, the past and the future, because otherwise, they will choose one at the expense of the other. It will result in damaging polarisation and the negative effects. If they choose the past and ignore the future, they run the risk of becoming passive contemplators of past memories. Moreover, their vision of the world, based on gratitude, cannot be translated into effective action, including political one. On the other hand, if they embrace the future and emphasise action, courage, and creativity, they risk becoming unreflective activists and fanatics

who use conservatism to justify their arbitrary actions and values. To counter this one-sidedness, conservatives must not operate in an either-or logic (either past or future), but in an and-and logic – both the past and the future. The past for the future. The future for the future. This understanding of conservatism is not far from how conservatives see themselves. Not merely because we started from the ten values formulated by prominent conservative thinkers during the Strategy Session. The reason is that one of the key conservative ideas of recent decades that changed the political landscape of Poland has been historical politics. It is based not on dwelling on the past but relating creatively to the future through the present to make the future world more humane.

A Strategic and Ideological Understanding of Conservatism

The understanding of conservatism that I present here, which can be described as strategic, takes us beyond a narrow understanding of conservatism as a political ideology. If conservatism is considered from the standpoint of the history of ideas, it will be just one of the modern -isms. As any modern -ism, such as liberalism, socialism, communism, republicanism, or patriotism, it can be characterised by four basic features. Firstly, the suffix '-ism' indicates that conservatism is an abstract concept that can be applied to different places and times. Thus, we do not witness a unique and incomparable Polish conservatism, German conservatism, or British conservatism. There is the same conservatism that has its national versions. Just as communists (communism: another modern ism!) can have their Communist International, so conservatism has its own 'international'. Secondly, despite its former aristocratic origins, conservatism has become more and more democratic in the spirit of modernity. Conservatism ceased to be a proposition for narrow elites and, over time, became increasingly more democratic, becoming a proposition for the masses. It has been proposed to not only the urban but also the rural people, not only the intelligentsia but also the workers and

peasants. Thirdly, conservatism is a mobilising concept. It does not merely serve to describe the world but becomes a call to change it. It is a banner under which supporters of reforms, and even revolutions, can gather. Lastly, conservatism is a political concept. The banner of conservatism becomes a political banner which implies a party banner. Although conservatism collides with competing ideologies of modernity, such as liberalism, socialism, or communism, Reinhart Koselleck's historical semantics allows us to see how much all these modern ideologies have in common.

Let us compare this approach with the strategic approach to conservatism. In the perspective I offer here, conservatism is not a modern ideology that competes with other modern ones (while sharing with them being a democratic, mobilising, and political one). Conservatism is the art of synthesising the tensions between ideologies. In this sense, it approaches the ideal of creative reorganisation, described by one of the most influential global sociologists of the twentieth century, Florian Znaniecki. He developed the ideal throughout his writings, from the first ('The Polish Peasant in Europe and America') to the last ('The Science of Culture'). Znaniecki placed the ideal of creative reorganisation between conservative reorganisation, which seeks to preserve the past to prevent change, and revolutionary disorganisation, which breaks with the past to usher in long-awaited change (see Figure 2).

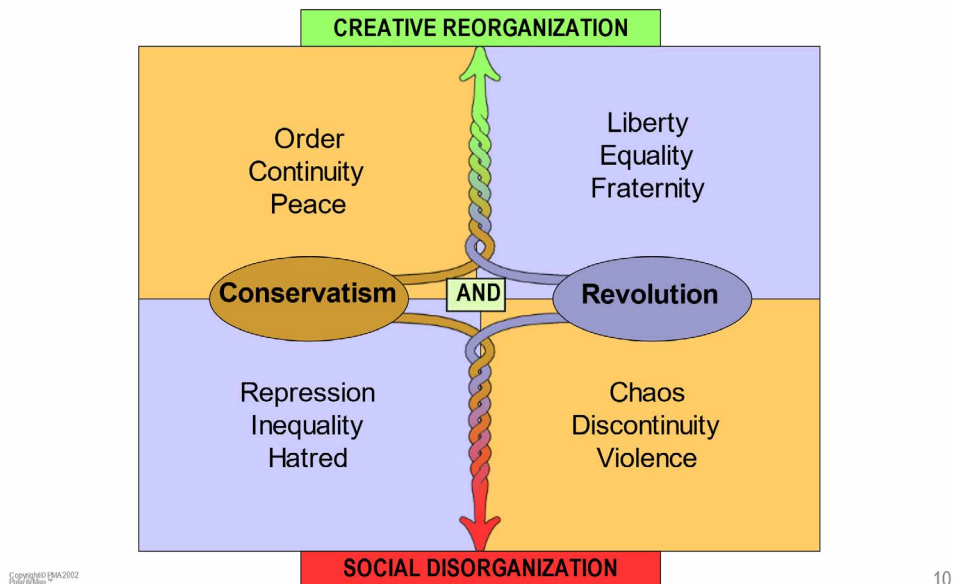


Figure 2. Creative reorganisation in a field of tension according to Florian Znaniecki

If conservatism is treated as a political ideology, it can be identified with a single pole of tension, whose main values are order, continuity, and peace. The challenge with such an understanding of conservatism, however, is that emphasising these core values, while ignoring the values emphasised by a revolutionary approach can lead to the distortion of conservatism into the form of authoritarianism, the legitimisation of gross inequalities, and the justification of resentment and, even hatred, towards outsiders such as the adherents of competing worldviews. A strategic view of conservatism seems to combine conservative and revolutionary values in the ideal of creative reorganisation. Modern conservatives will stress the importance of liberty, equality, and fraternity, but will never see these as the solution to authoritarianism, inequality, or hatred. Conservative realism means awareness that an emphasis on revolutionary values at the expense of conservative values leads to chaos, discontinuity, and violence. Subsequently, it leads to the restoration of authoritarianism, hatred, and inequality, only in a revolutionary guise.

Strategising

Following J.C. Spender, Paulina Bednarz-Luczevska and I have defined strategy as a never-ending process of managing tensions (polarity management) rather than an activity that can be completed at some point in the form of a final and authoritative document. It is, therefore, more accurate to speak of strategy work, strategy construction, or strategizing, instead of strategy. Spender presents a practical approach to defining strategy that differs from theoretical orientations as these are often not applicable to real-life situations. He emphasises that strategising is not a purely theoretical endeavour but a practical approach to measure oneself against, and overcome the difficulties of, the real world. The real world of a particular situation, a particular context, a particular moment, a particular purpose. Strategic analysis cannot be conducted on paper, in a general way. It does require engagement with concrete practice.

In this vision of strategy formation, I draw attention to three key elements: (a) the action of strategists (their identity and intentions), (b) the non-linearity of strategy implementation (dependence on a given context, history, and events), and (c) significance-creating (meaning).

The strategy of the conservative movement cannot be implemented without its main actors. A strategy for managing tensions is always a strategy of someone embodied, someone who is an acting and reflective being, capable of care, consideration, and sacrifice. This can be political leaders or intellectuals, but also representatives of social institutions. Each of these actors will approach the aforementioned tensions in a somewhat different way. While politicians will emphasise action and the future, intellectuals will emphasise wisdom, yet social institutions will emphasise creativity or gratitude.

Strategising is not a linear and smooth process. Strategy implementation is often characterised by sudden disruptions, unmanageable polarisations, and unmanageable difficulties. The work of the strategist can be likened to that of the narrator of a story who, despite the often dramatic adventures of the characters, tries to create a sin-

gle, coherent story that combines all the seemingly mutually exclusive elements. In the case of conservatism, the strategists/narrators will often be the protagonists.

Spender emphasises the role of interpretation and judgment in the strategy process. After all, strategy is supposed to give meaning and significance to our actions. The significance may be construed as measured by an increase in GDP, the development of industry, the recognition of the country on the international stage, greater civic engagement, the creation of strong bonds and trust between people, or even religious inspiration to act together. Different strands of conservatism will provide different answers.

Ultimately, the practical implementation of the strategy will require work at different levels and a combination of what may appear to be mutually exclusive. On the one hand, conservatives need to be able to identify and solve problems. On the other, they need to understand that most of the challenges are not problems to be solved, but tensions to be managed. They need to be able to see problems that are 'out there' (in other countries, political opponents, and opponents in their own camp) and problems that are 'in here' (in ourselves, in our divisions, and in the way we treat opponents in our own and competing camps). They must have both the ability to solve problems and the ability to define problems collectively. They must be able to simultaneously implement successive plans efficiently and create a communal space for cooperation and wisdom to define the goals.² While it is not a simple task to define what the conservative camp is, as it is difficult to define what conservatism itself is and even more difficult to build a strategy for it, one thing is certain - the time to build a strategy is now.

² P. Senge, H. Hamilton, J. Kania, *The Dawn of System Leadership*, „Stanford Social Innovation Review“ 2015, t. 13, s. 27–33. P. Senge, H. Hamilton, J. Kania, *The Dawn of System Leadership*, 2015

Poland's economic sovereignty

Cezary Kaźmierczak

In the era of fierce competition between countries and companies, which forces specialisation and concentration on selected areas and industries, economic sovereignty in the literal sense is practically impossible, especially for medium-sized countries such as Poland. The reality today is specialisation within the international division of labour. No country is completely self-sufficient. (1)

In the conditions of the 21st century, economic sovereignty should be understood more as the ability of a country to formulate an economic strategy that is beneficial, making maximum use of its economic, geographical, demographic, labour resources and other resources

To my mind, Poland is only now confronted with the challenge of developing a national economic strategy. We are just completing the stage of rebuilding Poland after communism and its spectacular bankruptcy. And with great success.

Between 1990 and 2022, Poland's GDP increased by 500% (from \$120 billion to \$640 billion) and GDP per capita rose from \$2,500 to \$17,500. The average monthly salary has tripled during this period.

We are definitely living in the best period of Poland's history. The GDP per capita in relation to that of Germany, which is the European leader, is now 70% (in 1990 it was below 30%). Historically, the highest GDP per capita relative to the European leader (then Italy) was 55% under the Jagiellonians.

These are impressive figures that inspire pride and admiration.

So far, Polish strategy has focused on making up for the losses caused by communist backwardness as quickly and efficiently as possible, and on 'catching up' with the West using the resources we actually had - our geographical location, cheap labour, the agility and operational intelligence of Polish entrepreneurs, and the willingness of Polish workers.

This has largely been achieved, so it is time to develop and implement a sovereign, competitive economic strategy in the international economic championship.

First and foremost, the strategy should be based on an analysis of our resources, assets, and competitive advantages.

Undoubtedly, our strong resource is the Polish micro and small businesses that, with their agility, stabilised the Polish economy during the Lehman Brothers crisis, the Covid pandemic or after the outbreak of the war in Ukraine, and even protected us from major economic disruptions.

It was the Polish economy that swamped a third of EU exports to Ukraine after Russia the country (exports to Ukraine in 2022; EU €30,129 million, Poland - €9,728 million).

The contribution of micro-business (less than 10 persons employed) to GDP creation in 2019. (the latest year for which data is available is September 2023) was 30.6%. While for large companies (more than 250 persons employed), the contribution to GDP creation was lower, at 22.7%. Micro-enterprises are also the leading workplace for Poles! At the end of 2020, almost 10 million people were employed in the business sector, including 4.2 million in micro-enterprises. While it was only 3.2 million people in large companies. One of the pillars of our strategy should be to create the best possible conditions for them to operate, both legally and fiscally. Meanwhile, due to the lack of competence and sober judgement of politicians and their unhealthy fascination with corporations, small businesses are, unfortunately, being fought and discriminated against. It is not a question of fighting companies (except for monopolies) but of not discriminating against the Polish economic locus, which is our significant economic advantage. It has become particularly evident in every crisis.

Therefore, the first direction of competition is **LEGAL-INSTITUTIONAL COMPETITION**. This is straightforward because it is a purely political decision that requires virtually no investment. The main goal of the Polish strategy and of any Polish government should be to create the best legal, institutional, and tax conditions for companies in the entire OECD, and to ensure the stability of these conditions. This will give Poland a significant competitive advantage over the highly bureaucratic old Europe and allow it to eventually catch up with, and then overtake, Germany. It would take us about a decade if we implemented this strategy consistently and without compromise.

The second pillar of the sovereign economic strategy is **DEMOGRAPHY**. In this respect, Poland should pursue its strategy through (i) controlled emigration, (ii) repelling attempts to legalise illegal immigration, (iii) a pro-demographic strategy encouraging Polish women to have at least 2 children. Poland's goal should be to reach a fertility rate of 2.0 within a decade. We should set ourselves a big, bold goal: 50 million Polish citizens in 2050.

Demography and the labour force will determine the economic development of countries. Especially in an era of deglobalisation of production and supply chains. Every company is now trying to have at least one factory on each continent to avoid the disruptions that occurred during COVID-19. Poland has a very good experience with controlled immigration. The immigrants who come here work and behave peacefully. Poland should take advantage of the German or French experience and avoid guest worker (*gasterbeiter*) immigration in favour of settlement immigration. As the American, Australian, or Canadian examples show, the latter creates ties with the country of settlement, in contrast to guest worker immigration, which creates alienation, a lack of ties and belonging, and, ultimately, aggression.

Poland is also in a relatively comfortable economic situation. Firstly, with wages at around 70% of the European average, we can have as many immigrants as we choose. It is, once again, a purely political decision. Secondly, the absence of a financial and social model for assimilating immigrants means that people who settle here are resourceful and independent. This should not be changed under any circumstances, and no special social programmes should be created for immigrants.

The third axis of the sovereign economic strategy is the most demanding. It is **THE SUPPORT OF INVESTMENT BY THE STATE**. This requires, above all, capital, of which we, in Poland, have limited resources. This makes it even more urgent to concentrate and channel the capital properly. However, state policy in this area is profoundly unwise and ineffective. For example, NCBIR grants (one of the largest sources of state funding) are distributed all over the map. There is no strategy in place to create long-term

value. Grants are given to companies in a wide range of industries; you don't see the state's strategy to dominate the world market in specific areas.

After its establishment, the State of Israel decided to concentrate its resources on four economic sectors: the optical industry, hydrology, agriculture, and the defence industry. Today, Israel is a world power in each of these fields. This is the result of consistent investment in these areas over decades and the premium of the so-called experience curve. Poland should follow this path instead of spreading its scarce resources across many sectors and industries. However, Poland should not build 1 or 2 corvettes because it is well-known that during the construction of the first one, half of the possible mistakes will be made, while the perfect one can be only the 10th or 15th. Only such a perfect product can conquer the world. Building one or two is a waste of public money.

Which industries should be invested in? Certainly, the defence sector. Because of the experience of the war in Ukraine and our specific geographical location, we should do some of the defence production in the country, in areas where we have the skills. Deciding on the other areas of specialisation requires special research and analysis. In general, it should be 3-4 sectors in which we can achieve a significant competitive advantage in the world, i.e. new sectors and industries. For example, the idea of competing with Germany in diesel engines is not a sensible one. But it is reasonable to consider competition in artificial intelligence, green energy, space, 3D printing, or robotics. We are competing from a level playing field and have a chance to succeed. What is needed, however, is long-term consistency and convincing decisions that do not change with a minister or prime minister.

The three strategic pillars mentioned above are market-oriented. However, in our case, an absolutely central to economic sovereignty is also the international, legal, and institutional, framework. Furthermore, while the international treaties that the Republic of Poland has signed significantly limit our freedom of action, they also protect our interests. It is difficult to imagine today's global trade

without the WTO rules, which we have ratified, as well as a number of other international agreements.

In this area, ideas are being floated in the European Union to change the EU system from a union of independent states to a federal state, which seems to run counter to our political and economic interests. The rich EU states have been trying for years to harmonise working conditions, taxes, and economic regulation within the EU. It is to be expected that if the treaties are changed, and a federal state is created, these processes will accelerate rapidly. This is very dangerous for Poland, and we should not agree to it because it would mean a halt in our development at the present stage. It would result in a permanent difference in wealth between us and the rich West and the impossibility of ever closing the gap. For if the helmsman of one boat performs identical manoeuvres to the other helmsman, the distance between them will never narrow. Under no circumstances should Poland allow itself to be deprived of its right to compete legally with the rich countries, as some forces in those countries are clearly trying to do.

Therefore, if Poland wants to retain its economic sovereignty, it must develop its own strategy of economic competition with the world and not allow the unification of laws to legally enslave it and deprive it of its right to compete. Success in these two areas requires iron will, determination, and long-term action.

(1) A certain exception in the world is Russia, which has the only war economy in the world capable of supplying its population entirely with cheap, very low-quality, basic, and essential products.

Economic Subjectivity in the European Union

Prof. Tomasz Grzegorz Grosse

Introduction

European integration is an example of the intertwining of political and economic determinants. It is, therefore, an attractive area of research in geo-economics. It is a field of research that studies geopolitics and economics at the same time, namely, how economic policy instruments can be used to implement foreign policy strategies and improve geopolitical positions.¹ The European Union is an area of competition for political and economic power. A strong economic position enables greater political influence within the EU. Simultaneously, political weight provides economic advantages for the strongest states and their economic actors. The dominant actors, above all the largest and richest states in Western Europe, seek to create such economic rules and institutions in the EU so as to increase their own prosperity and further improve their geopolitical position. The intention is not only to secure the greatest possible benefits for their companies and revenues for their budgets but also to benefit more than other states. An additional aim is to transfer the possible costs of adapting to EU policies to other countries, mostly the politically weaker ones.

Political power in the European Union is crucial for the economic success of a country, its companies, and its employees. At the same time, economic success creates opportunities to increase influence in the EU and, consequently, geopolitical standing in the region. Therefore, it is difficult to hope that geo-economic success, i.e. geopolitical and economic success combined, can be achieved without economic independence. For political independence, the key prerequisite is the preservation of autonomy in shaping a country's development strategy. With regard to economic agency, it is necessary that economic processes serve to strengthen the potential of the local economy in terms of capital, technology, and the quality of human capital. Therefore, the ultimate goal of the economic strategy should

¹ Cf. T.G. Grosse (red.), *Paliwo dla dominacji. O ekonomicznych podstawach supremacji geopolitycznej*, Instytut Studiów Politycznych Polskiej Akademii Nauk, Warszawa 2020.

be to build an endogenous development model, i.e. one that is based on internal resources and serves the accumulation of capital.² Even if the economy benefits from external investment and technology, it is crucial to build its own comparative advantages, i.e. the national capacity to create strong enterprises, innovative and scientific potential, and a highly skilled workforce.

In other words, economic agency in the European Union requires, on the one hand, an economic strategy aimed at endogenous national development and, on the other hand, a foreign policy aimed at reducing the political dominance of Western European states. It results in reducing the asymmetric relationship between Western and Central Europe, both economically and geopolitically. This implies blocking ideas for political change in the EU that could strengthen the dominance of Paris and Berlin while proposing solutions that would increase the agency of Central European states.

The case of the European Reconstruction Fund

The European Reconstruction Fund, later known as the Next Generation EU (NGEU), was designed primarily to rescue the countries in the south of the eurozone most affected by the COVID-19 pandemic crisis. It was designed to prevent the outbreak of another crisis in the monetary union. By initiating financial assistance under the debt fund, Germany and France aimed to support the most vulnerable countries of the Economic and Monetary Union (EMU). Moreover, they intended to stabilise the single currency system. The joint borrowing taken out for these purposes was to be repaid by all EU member states. The NGEU was thus designed to reinforce an economic regime that produced asymmetric benefits and costs for individual members, which was reflected in their political positions within the EU. In particular, it reinforced Berlin's economic and political dominance over the other EMU members. The countries outside of

² Cf. T.G. Grosse (red.), *Paliwo dla dominacji. O ekonomicznych podstawach supremacji geopolitycznej*, Instytut Studiów Politycznych Polskiej Akademii Nauk, Warszawa 2020.

the eurozone that supported the fund were, therefore, willingly or unwillingly, effectively participating in a programme that reinforced Germany's political and economic dominance in the EU. Moreover, by agreeing to the introduction of new European levies and taxes to repay the joint loan, they accelerated systemic changes in the EU towards fiscal federation and strong centralised governance. Such changes were particularly beneficial to Germany and France, which traditionally have had a strong influence on the functioning of the EU institutions, while detrimental to countries such as Poland and Hungary, thereby the position of Central Europe as a whole.

The NGEU and the systemic changes it generated increased the asymmetry of power between Western and Central Europe, led to increased economic and political dependence on the richest countries of the Western part of the continent, and hindered the empowerment of the Eastern part of the EU, including its economic agency. The centralisation of governance introduced by the NGEU was based on strong conditionality, which was formally implemented by the European Commission and, in fact, under the strong political influence of France and Germany. At the same time, the blade of this conditionality - i.e. financial sanctions - was directed against conservative governments from Central Europe, which on many issues had different ideas of the development of integration. The paradox of this situation is that the sanctions were imposed on non-members of the monetary union who had previously agreed to stabilise the most indebted EMU countries. Governments that had agreed to promote fiscal federalism in the EU, contrary to their critical political statements of a federal Europe, were also sanctioned. Countries that were not only not the biggest potential beneficiaries of the NGEU, but which, according to experts, could have become the main sponsors (and therefore so-called net contributors) of the fund in question, were also penalised.

A success for the proponents of EU federalisation and centralisation was the willingness to introduce European taxes to repay the NGEU, although these would later remain the EU's revenue in perpetuity. Initially, only a levy on plastics was introduced, followed by a Carbon Border Adjustment Mechanism, but the Union's

share of an ETS para-tax on the largest and most profitable multinationals, a digital tax, and a financial transaction tax, among others, were announced. Other EU levies and taxes were also possible in the future.³ For instance, new forms of corporate taxation were planned. These would be based on the introduction of a common EU tax base and a minimum level of corporate taxation (in the case of Poland, taxes would probably have to rise to at least 25 per cent)⁴. Other tax proposals under consideration included the introduction of wealth taxation⁵.

That deepened fiscal federalism in the EU but potentially paved the way for an increase in the power of the EU institutions, in particular, the autonomy of the Commission vis-à-vis the member states⁶. One manifestation of centralisation was the strengthening of the European Commission's powers, including its discretion over the management and distribution of the NGEU. At the request of the 'thrifty' states, a mechanism for intergovernmental control of the Commission was introduced. However, practice has shown that while the Commission's powers have increased significantly, the system of control exercised by national governments has been relatively superficial.

The Commission was given the power to negotiate with Member States so-called milestones, i.e. conditions to be met in return for receiving NGEU funds. In practice, this gave it a great deal of power over individual governments to force structural reforms, including budget cuts. In total, the Commission imposed

³ The next generation of own resources for the EU budget, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2021) 566 final, Brussels, 22.12.2021, pp. 6.COM(2021) 566 final, Brussels, 22.12.2021 r., pp. 6.

⁴ Cf. Business Taxation for the 21st Century, Communication from the Commission to the European Parliament and the Council, COM(2021) 251 final, Brussels, 18.5.2021.

⁵ ETUC Position on the next generation of own resources for the EU Budget, The European Trade Union Confederation, 16-17 March 2022, <https://www.etuc.org/en/document/etuc-position-next-generation-own-resources-eu-budget> [access: 27.11.2022].

⁶ F. Fabbrini, The Legal Architecture of the Economic Responses to COVID-19: EMU beyond the Pandemic, *Journal of Common Market Studies*, 2022, vol. 60, no. 1, pp. 186–203 [esp pp. 194].

more than 3,500 conditions on all Member States. In the case of Poland, milestones included a commitment to introduce a new tax on car owners, changes to the Sejm's rules of procedure, the need to impose ZUS (The Social Insurance Institution) contributions on all types of contracts, and the introduction of more toll roads across the country⁷. Belgium's political elite opposed the pension reform imposed by Brussels, which provoked a huge public outcry and trade union protests⁸. Even this piecemeal overview shows that Brussels officials have interfered in a range of public affairs that are essentially outside the EU's remit and therefore never delegated to it by the member states. The Commission did not have an adequate democratic mandate to impose such far-reaching changes, the possible political consequences of which would have to be borne by those in power at the national level.

The justification for increasing the discretionary powers of Brussels and centralising governance was primarily the pandemic crisis and the desire to reform individual countries, especially the largest beneficiaries of EU funds from the south of the eurozone. In addition, there was an argument to legitimise the policy of conditionality, i.e. the possibility of financial sanctions by the EU officials. This narrative concerned respect for so-called European values and the rule of law. Given Berlin's earlier objections to the Commission for being too open to French demands and lenient towards the debts of countries in the southern part of the monetary union, European officials ultimately also took into account the expectations of German policymakers. According to scholars, the informal relationship between President von der Leyen and German politicians was of great importance⁹.

⁷ M. Dobrowolski, Krajowy Plan Odbudowy – dobry interes, tylko dla kogo? Rzeczpospolita, 22.12.2022, <https://www.rp.pl/opinie-prawne/art37653571-marek-dobrowolski-krajowy-plan-odbudowy-dobry-interes-tylko-dla-kogo> [29.04.2023].

⁸ P. Tamma, Belgium's knotty politics gives EU's recovery fund its trickiest test yet, Politico, January 18, 2023, <https://www.politico.eu/article/belgium-government-alexander-de-croo-paul-magnette-offers-litmus-test-for-eu-cash-for-reforms-recovery-fund/> [29.04.2023].

⁹ H. Kassim, The European Commission and the COVID-19 pandemic. *Journal of European Public Policy*, 2023, *Journal of European Public Policy*, 30:4, pp. 612-634 [esp. pp. 626].

Until now, the basic procedure for the initiation of financial sanctions by the European Commission was based on Articles 258-260 TFEU, i.e. on the violation of EU law. In each case, it referred to (two successive) judgments of the Court of Justice of the EU. The possible sanctions imposed on a Member State had a specific financial and temporal dimension, and concerned a specific case of violation of EU law. After 2020, the Commission started to block the entire allocation to a Member State (i.e. all allocated EU funds), indefinitely, without triggering the relevant legal procedure and without due review by the EU courts. This was a clear extension of the EC's competences and discretionary decision-making powers. An unprecedented situation in the history of integration. Interestingly, this was done under the banner of defending the rule of law. This expansion of the Commission's power is explained by the politicisation of its actions and, in particular, the support for such actions by influential political actors. Among these are the major Western European countries, including net contributors to the EU budget, and the majority of MEPs in the European Parliament¹⁰.

The Commission withheld all funds from the NGEU for Poland while it negotiated with the government in Warsaw the conditions for unblocking the funds, particularly concerning judicial reform. A feature of these talks was the discretionary and variable decisions made by officials in Brussels on the milestones set for Warsaw. Even when the Polish government reached an agreement and tried to meet Brussels' expectations, it later proved insufficient or the Commission increased its demands. For instance, it expected the Disciplinary Chamber of the Supreme Court to be abolished, and when the government met this demand and introduced new rules on the responsibility of judges, combined with the creation of a Professional Responsibility Chamber of the Supreme Court Commission, officials again questioned these compromise solutions. This was mainly due to political pressure on von der Leyen from the European Parliament

¹⁰ T.G. Grosse, *Ekspansywny oportunista. Polityka Komisji Europejskiej wobec praworządności*, *Kwartalnik Prawa Międzynarodowego*, nr 1/2023, pp. 79-106 [esp. 80].

and some Western European countries¹¹. Similar pressure was exerted in the case of Hungary¹².

In contrast to the cohesion policy, Poland was not the largest beneficiary of NGEU funds. On the contrary, it was a net contributor, given the specific course of the pandemic (taken into account in the calculation of the financial allocations) and the time horizon for the repayment of the joint loan by the Member States (i.e. 2058)¹³. Moreover, despite the absence of any transfers from the Union, Poland already started to repay the loan obtained by the Commission (i.e. the NGEU) in 2022 and agreed to further taxes to repay this debt. Contrary to its declarations, the right-wing government in Warsaw approved the federal and centralising direction of the systemic changes in the Union. The approval of European taxes and the concentration of power at the EU level were a clear manifestation. Moreover, the new taxes were to the detriment of the Polish society, which paid a disproportionate amount compared to the richer countries of Western Europe. This applied to the levy on unprocessed plastic packaging¹⁴ and was very likely to apply to the EU's share of ETS levies. The biggest winner in the dispute with Poland was the Commission itself, which

¹¹ An example is the pressure from German MEPs on von der Leyen: R. Neukirch, *Zwei gegen von der Leyen*, *Der Spiegel*, 24.03.2023, <https://www.spiegel.de/politik/deutschland/europaeisches-parlament-daniel-freund-und-moritz-koerner-zwei-gegen-ursula-von-der-leyen-a-f975dfe6-20a2-41eb-9882-6e292d8c5111> [29.04.2023].

¹² For instance, mainstream political factions in the European Parliament sent a letter to the European Commission demanding the suspension of funding to the country, pointing to violations of LGBTI rights and teachers' freedom of expression. In addition, fifteen Western European countries, led by France and Germany, supported the Commission in its complaint to the CJEU against discrimination against LGBTI communities in the Hungarian education system. Cf. E. Zalan, *EU Parliament parties urge 'no money for Orbán's Hungary'*, *Euobserver.com*, 24.04.2023, <https://euobserver.com/rule-of-law/156957> [29.04.2023].

¹³ F. Heinemann, *Simulating the distributive effects of the Macron-Merkel-Recovery Fund*, ZEW expert brief, ZEW – Leibniz Centre for European Economic Research, 26.05.2020, <https://www.zew.de/en/press/latest-press-releases/poland-may-become-largest-net-contributor> [29.04.2023].

¹⁴ Poland's contribution to the EU budget from this tax amounted to PLN 1 696.4 million in 2021, while in 2022 the payment was planned at PLN 1 734.4 million. Poland was the fifth largest payer of this tax in the EU. Cf. A. Ptak-Iglewska, *Rząd nie dopiłnował. W tym roku zapłacimy 60 mln zł więcej "podatku od zaofoania"*, *Rzeczpospolita*, 17.11.2022, <https://www.rp.pl/budzet-i-podatki/art37438591-rzad-nie-dopilnowal-w-tym-roku-zaplacimy-60-mln-zl-wiecej-podatku-od-zaofoania> [access: 27.11.2022].

effectively claimed the right to intervene extensively in the internal system of the Polish state¹⁵.

Moreover, in autumn 2022, the Commission blocked the funds allocated to Poland under the multiannual financial framework for 2021-2027. As in the case of the NGEU, this was due to Polish judicial reforms. By doing so, the Commission froze all EU funds allocated to Warsaw after 2020 (€110 billion at the end of 2022), interestingly, without formally initiating the conditionality procedure stipulated in the December 2020 regulation¹⁶. This was a new procedure, introduced on the initiative of Germany¹⁷, designed to increase the possibility of imposing financial sanctions on not-legally-governed states. The European Commission considered that the 'horizontal principle' of 'effective application and implementation of the Charter of Fundamental Rights' had not been respected by the Polish authorities. The legal basis for this action was questionable. Indeed, the Commission referred, on the one hand, to the Regulation on common provisions for the MFF (article 73)¹⁸ and, on the other hand, to a technical document, i.e. the Partnership Agreement for the implementation of the Cohesion Policy 2021-2027 in Poland, adopted by the Polish government¹⁹. It is worth noting that in the aforementioned document, the 'horizontal principles' referring to the Charter of Fundamental Rights were understood as respect for gender equality and persons

¹⁵ M. Dobrowolski, *Krajowy Plan Odbudowy...* op. cit.

¹⁶ Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget, Official Journal of the European Union, L 433, 22.12.2020.

¹⁷ G. Chazan, D. Robinson, Juncker rejects German plan to tie EU funding to democracy, *Financial Times*, June 1, 2017, <https://www.ft.com/content/d1b69d8a-46cf-11e7-8519-9f94ee97d996> [29.06.2023]; F. Eder, Juncker: German plan to link funds and rules would be 'poison', *Politico*, June 1, 2017, <https://www.politico.eu/article/juncker-german-plan-to-link-funds-and-rules-would-be-poison/> [29.06.2023].

¹⁸ Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, Official Journal of the European Union, L 231, 30.6.2021.

¹⁹ Poland-EU Partnership Agreement 2021-2027, 6 December 2021, pp. 218, 255.

with disabilities, and thus, without reference to the independence of the judiciary.²⁰ Concurrently, the Commission withheld funds from Hungary on the grounds that the Charter of Fundamental Rights forces the country to abandon the protection of children from LGBT+ ideas in the education system, to restore academic freedoms, and to respect the rights of refugees²¹.

This was an example of the arbitrariness of the Commission's actions and the extension of its competences over member states²². The expression of centralised management was not only the transfer to Brussels of a great deal of control over the use of Union funds²³ but also over many other national authority areas which, according to the division of competences in the Treaty, should in principle not be of any concern to European civil servants. It was the Union's technocracy, not the voters in the member states, that could now decide on many aspects of public policy. Moreover, officials extended their powers without regard to the constitutional order of individual countries and the treaty's principle of conferral (i.e. that EU institutions could only act based on powers delegated to them by the states). It is difficult to see this kind of centralisation as a sign of democracy and the rule of law. Such a far-reaching expansion of power and arbitrariness on the part of Brussels would not have been possible without the support of influential patrons, including Berlin, but also without the compromise on the NGEU reached among the larger Western European states.

As a result, the NGEU became an instrument for limiting Poland's agency, both political and economic. The growing power of Brussels contributed to the imposition of systemic economic solutions that were not always in line with Polish interests. Furthermore, these solutions reinforced Poland's economic exogeneity.

²⁰ K.L. Scheppele, J. Morijn, Frozen: How the EU is Blocking Funds to Hungary and Poland Using a Multitude of Conditionalities, *Verfassungsblog*, 04 April 2023, <https://verfassungsblog.de/frozen/> [29.04.2023].

²¹ K.L. Scheppele, J. Morijn, Frozen... op. cit.

²² T.G. Grosse, *Ekspansywny oportunista...* op. cit., pp. 99.

²³ Ch. Kreuder-Sonnen, J. White, Europe and the transnational politics of emergency, *Journal of European Public Policy*, 2022, 29:6, pp. 953-965 [esp. 959].

The case of climate policy

The EU climate policy implemented in Poland imposes serious costs and burdens on the country's economy and society. It can be a challenge for the country's development. Moreover, it may hinder the country's ability to bridge the gap with richer Western European countries. In addition, the implementation of the policy in Poland relies too heavily on the purchase of external technologies, equipment, and raw materials. The policy does not focus enough on the success of Polish producers and the use of domestic raw materials for climate change transformation. In other words, the climate transition has the potential to reduce the competitiveness and security of the Polish economy, while it may serve to support companies from Western Europe and Asia, thus strengthening the geopolitical potential of both regions. Simultaneously, it may impede the development of Polish economic (and, more broadly, geo-economic) capabilities.

Even before the outbreak of full-scale war in Ukraine, the burden of climate change in Poland was estimated at €240 billion by 2030, twice the EU average²⁴. Bank Pekao economists estimated that the cost of implementing climate change targets by 2030 would be more than €527.5 billion. Whereas the gap between projected state budget revenues from both ETS permits and EU financial support, and Polish expenditures would be at least €300 billion²⁵. Without the EU support, the cost of the climate change transition in Poland would have been at least €400 billion, or around PLN 1.8 trillion, according to the same estimates.

Other researchers have argued that support from the EU funds for Poland should amount to only about 5% of total climate

²⁴ D. Ciepiela, Koszt transformacji energetycznej Polski do 2030 r. to 240 mld euro, wnp.pl, <https://www.wnp.pl/energetyka/koszt-transformacji-energetycznej-polski-do-2030-r-to-240-mld-euro,401110.html> [27.12.2021].

²⁵ Wpływ pakietu Fit for 55 na polską gospodarkę, Bank Pekao, Grudzień 2021, <https://www.pekao.com.pl/dam/jcr:4e058ebf-005f-4333-8753-0b6bddefb7e8/Pekao%20-%20Wp%C5%82yw%20Fit%20for%2055%20na%20polsk%C4%85%20gospodark%C4%99%20-%20final.pdf> [27.05.2023], pp. 3.

spending by 2030²⁶. Given that the Commission has blocked virtually all aid to Poland after 2021, including for climate change, it was unrealistic to count on EU support. However, even if it were to flow to Poland, the vast majority of the burden of the climate transition would have to be borne by the state budget, as well as by local entrepreneurs and consumers. It is not difficult to foresee that this could lead to serious economic disruption, a decrease in the competitiveness of the Polish economy, and social discontent. It may also reduce economic agency and increase the exogeneity of the development model.

The European Union has a specific system of financial penalties or 'para-taxes' imposed on greenhouse gas emitters, the so-called Emissions Trading Scheme (ETS). This is an example of perhaps the most important difference between EU and US climate policy. The Americans have not introduced an ETS-like system, and instead of financial penalties, they use tax incentives, i.e. rebates, to induce climate investments and emissions reductions. In the case of the EU, the costs of this transition are all the more difficult to estimate because the price of emission permits is unstable. Moreover, the price has been rising steadily and is therefore inflationary. As recently as the beginning of 2021, the price did not exceed €40 per tonne, whereas a year later it was already around €100²⁷. Much of the increase in the price is due to financial speculators, who have found a secure source of income. Brussels did not agree to Poland's demands to exclude financial speculators from the ETS or to suspend it for the duration of the energy crisis (or at least to cap the price of allowances). The philosophy of the EU institutions is that 'the higher the price of ETS permits, the better for the climate'. This is why the Green Deal introduced changes to emissions trading. These include phasing out

²⁶ W. Mielczarski, Koszty transformacji energetycznej w Polsce (ANALIZA), 7 lutego 2022, biznesalert.pl, <https://biznesalert.pl/mielczarski-koszty-transformacji-energetycznej-w-polsce-analiza/> [27.02.2022].

²⁷ C. Bachański, Unia Europejska przed przepaścią, Warsaw Enterprise Institute, Warszawa, 1 czerwca, 2023, <https://wei.org.pl/2023/aktualnosci/cezary-bachanski/unia-europejska-nad-przepascia/> [27.06.2023].

of free allowances between 2026 and 2034. In addition, the ETS has been extended to the construction, car, aviation, and shipping sectors in line with the 'Fit for 55' initiative (this new segment is referred to as ETS2).

According to the above-mentioned estimates by Bank Pekao economists, the cost of extending the ETS to the construction and transport sectors in Poland will be around €25 billion (around PLN 110 billion)²⁸. However, the level of costs depends on the price of allowances in the financial markets. One study estimates that if investors increase this price, the price of extending the ETS to the transport and construction sectors could rise to as much as PLN 7,100 per Polish household in 2030²⁹.

This case illustrates that the costs of climate change in Poland will primarily impact most small and medium-sized firms, as well as disadvantaged groups in society. The higher energy and fuel prices due to the ETS2, the more expensive consumer goods and food. It will in turn reduce the disposable income of Polish households and lower their standard of living. The EU's climate policy will also increase the cost of food production owing to higher gas prices (ETS, methane directive, and maritime ETS, i.e. also LNG supplies), which are used in the production of fertilisers³⁰. Therefore, climate change, combined with the energy crisis and Russian aggression against Ukraine, poses major economic risks, including food risks, especially for the poorest Poles.

The total cost of implementing the EU's climate policy is not €527.5 billion, or around PLN 2.4 trillion. This is because Bank Pekao's expert estimate does not fully take into account two important factors that could generate additional burdens. These are nuclear energy investments and the cost of adapting buildings to energy efficiency standards introduced by European legislation.

²⁸ Wpływ pakietu Fit for 55 na polską gospodarkę, op. cit., pp. 3.

²⁹ M. Lachowicz, Zapłacą najubożsi. Koszty wprowadzenia systemu handlu emisjami dla budynków mieszkalnych oraz transportu, Warsaw Enterprise Institute, Warszawa 2023, <https://wei.org.pl/2023/publikacje/raporty/admin/raport-zaplaca-najubozsi/> [27.06.2023].

³⁰ M. Lachowicz, Zapłacą najubożsi... op. cit., pp. 11.

For instance, the draft directive on the energy performance of buildings³¹ requires all new public and private buildings to be zero-emission (from 2027 for the former and from 2030 for the latter). Existing buildings will be required to undergo costly renovations to upgrade their energy performance class to energy efficient and low carbon. For example, every building owner in Poland will have to carry out an emissions assessment, obtain an energy passport, and, under threat of severe penalties, introduce technical modifications to achieve zero emissions. In some cases, this will result in a complete change of heat and power supply. The energy passport will have an impact on the price of the property. Consequently, the cost of renovation may be so large that owners will not be able to afford it. For some properties, it may not be sensible to incur such costs. Other EU documents require the installation of solar panels on all residential, commercial, and public buildings³².

Finally, the Energy Performance of Buildings Directive will phase out the use of fossil fuels for heating and cooling buildings by 2039. This will have implications not only for property owners but also for energy utilities and district heating. In practice, it may force a much more rapid transition to a zero-carbon economy than 2050. This will shorten the climate transition period and accumulate expenditure over time.

According to Poland's long-term building renovation strategy, the total investment required between 2021 and 2050 will amount to PLN 1.54 trillion³³. This includes the cost of deep thermo-modernisation to bring buildings up to a low energy standard [below 50 kWh/(m²-annum) of primary energy] and the replacement of heat sources with zero-emission ones. Experts from the Lewiatan Confederation estimate that by 2030 the thermo-modernisation of residential and

³¹ Proposal for a Directive of the European Parliament and of the Council on the energy performance of buildings, Brussels, 15.12.2021, COM(2021) 802 final, 2021/0426(COD).

³² EU Solar Energy Strategy, European Commission, Brussels, 18.5.2022, COM(2022) 221 final.

³³ Długoterminowa strategia renowacji budynków. Wsparcie renowacji krajowego zasobu budowlanego, Warszawa, 2022 (Załącznik do uchwały nr 23/2022 Rady Ministrów z dnia 9 lutego 2022 r.).

public buildings will require an investment of PLN 400 billion³⁴. After that, the costs will increase further. They will be borne by property owners - households, public authorities, and entrepreneurs - probably with some support from the state. In the end, however, the costs will be borne by all taxpayers.

One of the problems of the climate change transition is that it cannot be based on renewable energy sources alone. According to some experts, Poland could easily increase the share of renewables from 21 per cent in 2022 to around 32 per cent. However, an increase to 50 per cent is already an unrealistic scenario as it would require enormous investment. It would also leave an unfulfilled production potential of 20 to 34 per cent³⁵. This is approximately the amount of excess renewable energy that would be available at peak production times, which would probably not be used. To achieve system security, it is, therefore, necessary to rely on other sources of energy or to purchase energy from neighbouring countries. However, the latter solution is subject to serious hazards. Hence, the country's security requires that coal and gas be replaced by other stable energy sources, such as nuclear power plants. Meanwhile, the initial cost of the large nuclear power plants currently planned in Poland, as well as dozens of smaller ones (known as SMRs), is estimated at over PLN 1 trillion³⁶.

Other alternative energy or heating technologies are also costly, although less so than nuclear power. They also have a positive impact on safety as they are based exclusively on domestic resources and raw materials. These include underground coal burning, deep geothermal, or rock energy extraction, among others. In the case of deep geothermal energy, German boreholes were estimated at around

³⁴ Efektywność energetyczna budynków – szanse i wyzwania dla polskich firm, Warszawa, lipiec, 2022, https://lewiatan.org/wp-content/uploads/2022/09/efektywnosc_energetyczna_budynkow_OK.pdf [27.06.2023], s. 77.

³⁵ W. Mielczarski, Jedna literka przesądzi o porażce OZE w Polsce, Biznesalert.pl, 16 styczeń 2023, <https://biznesalert.pl/oze-energia-polityka-europa-polska-energetyka/> [27.06.2023].

³⁶ B. Oksińska, Niebotyczne koszty budowy elektrowni jądrowych. Oto najnowsze wyliczenia, Business Insider Polska, 24 kwietnia 2023, <https://businessinsider.com.pl/biznes/niebotyczne-koszty-budowy-elektrowni-jadrowych-oto-najnowsze-wyliczenia/yx13ejc> [27.06.2023].

€80 million each³⁷ and Italian installations at around €175 million³⁸. From a safety standpoint, nuclear power in Poland can partly rely on domestic uranium deposits. Nevertheless, nuclear technologies are from overseas. Climate policy entails yet other costs. These arise from the bureaucratic approach of the Brussels elite and the ideological conviction that climate ideas should be imposed on the whole of society and enforced in all areas of human activity. As a result, onerous administrative burdens are imposed on companies. These are intended, among other things, to implement the Union's climate ambitions. One example is the extensive Corporate Sustainability Reporting Directive (CSRD)³⁹. The CSRD imposes disclosure obligations on approximately 3650 Polish companies, 22 times more than previously. Reporting will be very laborious and therefore costly. The reporting guidelines contain more than 1100 items on which a company must provide information⁴⁰. Directly affected companies will incur annual costs of between PLN 1.4 and 2.6 billion. In addition, they will bear one-off costs of between PLN 0.8 billion and PLN 1.1 billion to comply with the regulation. Additionally, the Directive entails reporting costs for the counterparties of the companies directly subject to the reporting standards. For the country as a whole, this translates into an annual cost of PLN 8 billion and one-off costs of around PLN 1.4 billion⁴¹. This represents yet another financial burden imposed by EU climate policy on many small Polish businesses. Furthermore, it constitutes a bureaucratic constraint on the competitiveness of the Polish economy.

³⁷ Silenos Energy secures project financings for Bruck geothermal project, Germany, <https://www.thinkgeoenergy.com/silenos-energy-secures-project-financings-for-bruck-geothermal-project-germany/> [27.05.2023].

³⁸ Initial power plant – Tuskany / Italy. Technology, History, Development, Project and Opportunities for Europe, VISTON UNITED Swiss AG, St. Gallen 2019.

³⁹ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, PE/35/2022/REV/1, OJ L 322, 16.12.2022, pp. 15-80.

⁴⁰ D. Olko, Pod ciężarem ESG. Koszty raportowania ESG dla małych i średnich firm w Polsce, Warsaw Enterprise Institute, Warszawa 2023, <https://wei.org.pl/wp-content/uploads/2023/04/Pod-ciężarem-ESG.pdf> [27.06.2023].

⁴¹ D. Olko, Pod ciężarem ESG... op. cit., pp. 6

To sum up, the cost of the EU-designed climate change transformation in Poland will be astronomical. It will amount to between PLN 4 trillion and PLN 5 trillion (i.e. around EUR 1 trillion), although it may increase⁴². This analysis does not include, for example, the costs associated with the spread of electric cars. A disadvantage of the EU project is the large asymmetry between the costs incurred in Poland and Western European countries. The latter are better prepared for this transition, are generally richer than the Poles, and also have a substantial amount of technology and equipment that they intend to sell to Poland. All of this renders the EU's climate agenda unfair to countries such as Poland. It can severely limit the competitiveness and sovereignty of the economy. It leads to the impoverishment of society and the collapse of many local companies.

This implies that the Polish elite will have to fundamentally reassess the strategy for implementing the 'Fit for 55' programme. It also seems necessary to reconsider the existing principles of Poland's functioning in the EU. It must be remembered that, given the threat from Russian imperialism, public investment in the development of the defence industry and national defence capacities will be indispensable. These will certainly take priority over the demands of EU climate policy. As a result, the implementation of certain EU regulations is likely to decelerate. Some requirements may have to be abandoned or suspended for a period of time. This may lead to the need to renegotiate them with the EU partners. All the more so because the 'Fit for 55' package affects the choice between different energy sources and the overall structure of energy supply, for which Article 192 TFEU requires unanimity among Member States.

In addition, the climate strategy in Poland should place greater emphasis on energy and economic security, and thus be based primarily on domestic resources and raw materials. It should support Polish innovation and the development of domestic technologies and their producers. Consequently, the implementation of such a climate

⁴² Por. T.G. Grosse, The real cost of Fit for 55: will we be able to bear it? Sovereignty.pl, July 4, 2023, <https://sovereignty.pl/the-real-cost-of-fit-for-55-will-we-be-able-to-bear-it/> [29.07.2023].

strategy can lead to the strengthening of the Polish economy and its competitiveness in exports.

Summary

Following the Russian invasion of Ukraine, Europe and the world have entered a period of geopolitical turbulence, including hybrid or conventional wars that will last for at least several years⁴³. This can be seen, among other things, in the statements of Russian political scientists and politicians who predict about 20 years of geopolitical tension. This means that during this period we will be under increased threat from Moscow imperialism. The military and alliance potential of our country will therefore become more and more relevant. All the more so because the war for control of Central and Eastern Europe is already being waged. Economic strategy remains an important issue as military capabilities depend, to a large extent, on potential in this area.

It is, therefore, essential to emphasise the development of the national defence industry, its production, and its technological capabilities. Since the security threat affects all countries in our region, it should be self-evident to develop political, economic, and military cooperation between the countries of NATO's eastern flank, including Sweden, Finland, and Ukraine. The core of this cooperation should be the improvement of the defence industry.

The Polish authorities may concentrate on the development of four strategic sectors: defence, energy, digital, and financial industries. Such directions result from the threat to state security, the EU climate policy, the direction of transformation of the global economy, and the need to strengthen the potential of financial institutions to stimulate investment, export, and innovation. In addition, the quality of the educational, academic, and scientific system needs to be strengthened.

⁴³ According to Medvedev the war in Ukraine may last decades, Rzeczpospolita, 26.05.2023, <https://www.rp.pl/konflikty-zbrojne/art38530361-wedlug-miedwiediewa-wojna-na-ukrainie-moze-trwacziesiatki-lat> [27.05.2023].

There is another strategic condition that justifies the above selection. The Polish authorities have set their sights on nuclear energy as the target basis for the country's energy mix. This requires the deepening of scientific research as well as the development of appropriate personnel for energy facilities. Cooperation with Ukrainian universities and companies could be promising in this respect. At the same time, the threat from Russia may lead the Polish elite to at last consider the need to develop its own nuclear weapons capability⁴⁴. It is difficult not to see the synergy between energy needs, state security, and the desire to deepen multifaceted cooperation in the region.

As the experience of the Asian tigers (including China) shows, an effective development policy requires a strong state. It requires the government to have a long-term geo-economic strategy that responds to geopolitical challenges and uses economic instruments to do so. Industrial policy should support the creation of the most competitive and innovative companies that work with the SME sector. The aim should be to develop endogenous potential, export, and cooperation in Central and Eastern Europe.

An example of how all these objectives can be combined is energy and climate change. The government should be oriented more towards energy and economic security and, therefore, primarily towards domestic resources and raw materials. For this reason, climate-neutral methods of obtaining energy and heat from local resources, such as coal gasification technologies, geothermal energy, and rock energy, should be developed to a greater extent. This strategy should support Polish innovation and domestic technologies. The implementation of such a climate strategy can lead to an enhancement of economic subjectivity and export competitiveness.

In the EU, there is no economic agency without political agency. Therefore, it is essential to coordinate the economic strategy with the politics. The aim should be to obstruct all the geo-economic projects in the EU aimed at strengthening the potential of Germany and

⁴⁴ M. Kuź, *Dlaczego potrzebujemy broni jądrowej*, Nowa Konfederacja, 05.12.2013, <https://nowakonfederacja.pl/dlaczego-potrzebujemy-broni-jadrowej/> [29.07.2023].

France and limiting the growth opportunities of Poland and Central Europe. In particular, it would be dangerous to agree to changes leading to the centralisation and federalisation of the EU. The strategic goal of the Polish state should be to balance the influence between the western and eastern parts of the EU and to move towards a more subsidiary and decentralised. Therefore, towards democratic Europe, which respects the will of the voters of the member states.

Dofinansowano ze środków Instytutu Dziedzictwa Myśli Narodowej im. Romana Dmowskiego
i Ignacego Paderewskiego w ramach Funduszu Patriotycznego

zadanie „XIII Kongres Polska Wielki Projekt”

Partner Strategiczny



Ministerstwo Kultury
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