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MONTEREY, CALIFORNIA

THESIS

**DETERMINANTS OF DEFENSE BUDGET PROCESS IN
POST-COMMUNIST POLAND: FROM THE WARSAW
PACT TO THE 21ST CENTURY**

by

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June 2004

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COMMUNIST POLAND: FROM THE WARSAW PACT TO THE 21ST
CENTURY**

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This thesis identifies and explains the critical changes that have occurred in the complex system of interrelated rules which have governed the defense budget process in Poland since 1989. This research explains the legal and institutional evolution of the defense budget process in post-communist Poland, focusing on the role of legislative authority i.e., the Sejm and the Senat of the Republic of Poland within the defense budget process since the collapse of the Warsaw Pact. It also analyzes the distribution of power among the different actors in the budget cycle. This is followed by a thorough description of rules imposed by the *Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001-2006*, and the *Act of Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft*. These two documents were instrumental in shaping defense spending in Poland in the years 2001-2003 and will have a great impact on future decisions concerning defense budgets in the years to come. An overview of defense spending by European members of NATO is also provided to allow a comparison of Poland's willingness to commit resources to the common defense of other NATO members.

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TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	BACKGROUND	1
B.	OBJECTIVES	2
C.	RESEARCH QUESTION	2
D.	METHODOLOGY	3
E.	ORGANIZATION OF STUDY	3
II.	LEGAL AND STRUCTURAL CHANGES BETWEEN 1989 AND THE LITTLE CONSTITUTION.....	5
A.	INTRODUCTION.....	5
B.	POLITICAL ENVIRONMENT AND INSTITUTIONAL REFORMS	5
C.	THE REFORM OF THE ARMED FORCES	10
D.	EVOLUTION OF DEFENSE BUDGET AUTHORITY	14
E.	CONCLUSION	15
III.	LEGAL AND STRUCTURAL CHANGES BETWEEN 1993 AND 2003.....	17
A.	INTRODUCTION.....	17
B.	POLITICAL ENVIRONMENT AND INSTITUTIONAL REFORMS ...	17
C.	THE REFORM OF THE ARMED FORCES	24
D.	THE EVOLUTION OF THE DEFENSE BUDGET	30
E.	CONCLUSIONS	39
IV.	GOVERNMENTAL STRUCTURE AND THE DEFENSE BUDGET PROCESS, 2003-2004.....	41
A.	INTRODUCTION.....	41
B.	GOVERNMENTAL SYSTEM AND BUDGET PROCESS.....	41
1.	Development of the Defense Budget within the Ministry of Defense and Activities within the Government.....	44
2.	Budgeting for Defense within the Parliament	49
3.	The Presidency and the Defense Budget.....	51
C.	CONTROL OVER THE EXECUTION OF THE DEFENSE BUDGET.....	52
D.	CONCLUSION	54
V.	THE LAW ON RESTRUCTURING, TECHNICAL MODERNIZATION AND FINANCING OF THE POLISH ARMED FORCES IN THE YEARS 2001 – 2006, AND THE ACT OF EQUIPPING THE ARMED FORCES OF THE REPUBLIC OF POLAND WITH MULTI-ROLE AIRCRAFT	55
A.	INTRODUCTION.....	55
B.	MODERNIZATION OF THE ARMED FORCES IN POLAND SINCE 2001	56
C.	POLAND’S BUDGET EXPENDITURES IN COMPARISON WITH THE OTHER EUROPEAN STATES OF NATO.....	61

D.	CONCLUSION	65
VI.	SUMMARY	67
A.	INTRODUCTION.....	67
B.	OBSERVATIONS, CONCLUSIONS, AND RECOMMENDATIONS....	67
APPENDIX.	POLAND’S PROCUREMENT PLANS ACCORDING TO THE “PROGRAMME FOR INTEGRATION WITH THE NORTH ATLANTIC TREATY ORGANIZATION AND MODERNIZATION OF THE POLISH ARMED FORCES 1998-2012”	73
BIBLIOGRAPHY		75
INITIAL DISTRIBUTION LIST		81

LIST OF FIGURES

Figure 1.	Sejm Election Results October 27, 1991	8
Figure 2.	Senat Election Results October 27, 1991	8
Figure 3.	MoND Expenditures over the Years 1991-2003	39
Figure 4.	General Overview of the Defense Budgeting Process in Poland.....	44
Figure 5.	Structure of MoND Budget for 2003 in Sections	45
Figure 6.	Defense Budgeting In Poland: Activities within the MoND	48
Figure 7.	Defense Spending as a Percentage of GDP in the Years 1999 and 2002	62
Figure 8.	Defense Spending in Poland as a Percentage of GDP	63
Figure 9.	Poland's Per Capita Defense Expenditures in Comparison with Other European States of NATO in 2004 (constant 1995 prices).....	64

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LIST OF TABLES

Table 1.	Sejm Election Results 1991-1997	19
Table 2.	Source of Legislative Initiative and the Work of the Sejm	22
Table 3.	Assumed Level of Spending over 2002-2006 According to The Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces.....	36
Table 4.	MoND Budget Expenditures as a Share of GDP and of State Budget	38
Table 5.	The Evolution of Defense Budgets, 1996-2003.....	51
Table 6.	Polish Military Units Within NATO, 2003.....	61

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I dedicate this thesis to my wife Agnieszka, who supported me throughout the entire phase of writing this thesis.

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I. INTRODUCTION

A. BACKGROUND

The government's inability to forestall Poland's economic decline led to waves of strikes across the country in April, May, and August 1988, and finally caused the collapse of communism in Poland in 1989. In December of that year, the lower house of Parliament (the Sejm) approved the government's plan to transform the Polish economy rapidly from centrally planned to free-market, and renamed the country the Republic of Poland.

Sixteen years of the democratic transformation in Poland provides a comprehensive as well as incisive overview of the extraordinarily difficult and historically unprecedented process of transforming a totalitarian system into a modern democracy. That transition has been characterized by frequent changes in government and instability, reflected by a diversity of political interests in the Sejm. It has been extremely difficult to reach consensus in approving budgets.

In 2003, for the first time in 15 years, the budget law came into life from the beginning of the year for which it had been passed. Having signed the 2003 Budget Law, President Aleksander Kwasniewski said,

The ceremony of signing the budget law has a special significance. For the first time in the history of the Third Republic of Poland a budget for the next year has been signed before the end of the current year. This can be understood as a present for the Polish democratic system. The budget is one of the important foundations of a democratic state.¹

This thesis will identify and explain the critical changes that have occurred in the complex system of interrelated rules, which have governed the defense budget process in

¹ Embassy of the Republic of Poland in Washington D.C.. "President Signs 2003 Budget Law." Dec 2002. Online. Internet. Available [http://www.polandembassy.org/News/Biuletyny_news/news/news%20biuletins%202002/p2002-12_23.htm](http://www.polandembassy.org/News/Biuletyny_news/news%20biuletins%202002/p2002-12_23.htm) (15 February 2004).

Poland since 1989. It will analyze the distribution of power among the different actors in the budget cycle, focusing on the role of the legislature in the control of defense spending.

B. OBJECTIVES

The intent of this research is to explain the legal and institutional evolution of the defense budget process in post-communist Poland, focusing on the role of legislative authority, i.e., the Sejm and the Senate of the Republic of Poland within the defense budget process since the collapse of communism. It will identify the changes to the basic rules governing the budget process and explain how these changes impacted the Polish Parliament.

C. RESEARCH QUESTION

The primary research question to be addressed in this thesis is: What were the major changes impacting the process of governmental budgeting for defense in Poland after the collapse of the Warsaw Pact?

Subsidiary research questions include the following:

- What were the original processes for governmental defense budgeting when Poland replaced a communist government and a command economy with democracy and free markets?
- What major changes were made to these processes just after 1989, and why?
- What processes and structures were put in place by the Little Constitution in 1992?
- What changes were made by the 1997 Constitution and why were they made?
- What is the significance of the Public Finance Act of 26 November 1998?
- What were the implications for governmental defense budgeting of Poland's acceptance into NATO in 1999?
- What was the origin and impact of the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the years 2001 – 2006?
- What problems have been observed in implementing the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces?

- What is the structure of the defense budget associated with the standards of the North Atlantic Treaty Organization?
- What is the role of the legislature during the different stages of the budget process?

D. METHODOLOGY

This thesis will utilize an historical perspective to identify the key changes in legislative authority and action concerning defense budget processes. Data obtained from parliamentary hearings and legislation as well as scholarly journals will be used to identify the legal and structural changes in the role of the legislature in the control of defense spending in Poland.

E. ORGANIZATION OF STUDY

The first chapter explains why the thesis is being written. The first section of this chapter briefly describes problems associated with the legal and institutional evolution of defense budgets in post-communist Poland, followed by the list of research questions to be addressed in this thesis and a description of the methodology to be used to develop answers.

The second chapter describes the legal and institutional evolution of the defense budget process in post-communist Poland between 1989 and 1993. To provide a comprehensive picture of the distribution of power among the different actors in the budget cycle and the role of the legislature in the control of defense spending, Chapter II is subdivided into three main parts. The first part provides an overview of the political environment and institutional reforms that occurred between 1989 and 1993. The second part describes the reforms of the Polish Armed Forces that occurred during this period, while the third part focuses on the role of legislative authority within the defense budget process and its evolution.

The third chapter is a continuation of Chapter II and has the same structure. Chapter III provides a chronological description of democratic transformation, followed by an analysis of the rules that governed the process of budgeting for defense between 1993 and 2003.

The fourth chapter presents and analyzes the process of developing defense budgets in Poland in the years 2003 and 2004. The first section of this chapter provides an overview of the contemporary governmental system. The second section focuses on defense budgetary procedures by level of development. Three subsections comprise this part. The first describes the creation of the defense budget in the Ministry of National Defense (MoND), the second depicts the parliament's activities, and the third subsection describes the options given to the President. The last section of this chapter analyzes the process of control over the execution of the defense budget.

The fifth chapter provides a detailed description of rules imposed by the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the years 2001-2006, and the Act of Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft. The last part of this chapter displays Poland's defense expenditures in comparison with the other European states of NATO.

Finally, the sixth chapter provides the overall picture of the budget process in Poland followed by the author's observations and conclusions, and recommendations for further research.

II. LEGAL AND STRUCTURAL CHANGES BETWEEN 1989 AND THE LITTLE CONSTITUTION

A. INTRODUCTION

To fully understand the legal and institutional evolution of the defense budget process in post-communist Poland, an overview of the political environment, institutional reforms, and the structure of the armed forces over the course of history is appropriate. This chapter outlines the reforms that occurred between 1989 and 1993, followed by an analysis of the rules that governed the defense budget in that time frame.

B. POLITICAL ENVIRONMENT AND INSTITUTIONAL REFORMS

In October 1981, General Jaruzelski was elected to the post of Prime Secretary of Polish United Workers' Party (PZPR). Less than two months later (13 December 1981) he introduced marshal law in reaction to the escalating civil protest.² These events created a unique situation. General Jaruzelski kept all powers in his hands, being not only the party leader and the head of the government, but also the Minister of Defense and the Chairman of the National Defense Committee (KOK).³ Martial law was suspended at the end of December 1982 and formally ended on 22 July 1983.⁴ However, the Jaruzelski regime failed to resolve critical economic problems. On the contrary, the economic situation became worse than ever because the United States and other Western countries responded to martial law by imposing economic sanctions against the Polish regime. The government's inability to forestall Poland's economic decline led to waves of strikes across the country in April, May, and August 1988.

In an attempt to gain control over the situation, the government gave recognition to Solidarity, and the eighth PZPR plenum appointed the Minister of Interior, General

² Roszkowski, Waldemar. *Polwiecze. Historia polityczna swiata po 1945 roku*. Warszawa, 2002, pp. 336-338.

³ Madej, Marek. "Evolution of Democratic Civilian Control of Armed Forces in Poland: An Overview." Conference Paper at the Geneva Centre for the Democratic Control of Armed Forces (DCAF), Geneva. January 2004, p. 4.

⁴ Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 38.

Czeslaw Kiszczak, to talk with the opposition.⁵ As a result, Round Table talks began on 6 February 1989. The agreement reached on 5 April was a package of carefully negotiated compromises based on the principle of gradualism rather than on the commitment to transform the system into democracy. The main decisions were as follows:⁶

- To restore a 100 member Senate, to be filled by completely free elections.
- To hold “contractual” Sejm elections in which the PZPR would contest and win just under half the seats, while the United Peasant Party (ZSL), Democratic Party (SD) and Catholic minor parties would hold the remainder up to the 65 percent granted to the Government-Coalition side.
- The Solidarity-Opposition would be allowed to contest 35 percent of the Sejm seats.
- Unfettered parliamentary elections would take place in four years.

The Round Table “set in motion a domino process that within a year led to the fall of all the communist regimes in Eastern Europe.”⁷ In August 1989, President Jaruzelski asked Tadeusz Mazowiecki to form a government. Then, on September 12, the Sejm approved his cabinet and for the first time in more than 40 years, Poland had a government led by noncommunists. In December 1989, the Sejm approved the government’s reform program to transform the Polish economy from central planning to a free market. In November 1990, Lech Walesa was elected President of the Republic of Poland. Jan Krzysztof Bielecki, at Walensa’s request, formed a government and served as its Prime Minister until October 1991, when the first free parliamentary elections were held.

⁵ Solidarity formally was founded on 22 September 1980, when delegates of 36 regional trade unions met in Gdansk and united under the name Solidarnosc. By early 1981, Solidarity had a membership of approximately 10 million people and represented most of the work force of Poland. On 13 December 1981, Solidarity was declared illegal by Jaruzelski, and its leaders were arrested. The union was formally dissolved by the Sejm (Parliament) on 8 October 1982, but it nevertheless continued as an underground organization. Encyclopedia Britannica. 1997. Internet. Online. Available http://www.britannica.com/nobel/micro/555_63.html (27 May 2004).

⁶ Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 54.

⁷ Elster, Jon, Offe, Claus, and Preuss, Ulrich. *Institutional Design in Post-Communist Societies, Rebuilding the Ship at Sea*. Cambridge University Press, 1998, p. 65.

The absence of constitutional reforms in the first years after the fall of communism created instability and inefficiency in the execution of executive power. For example, J. K. Bielecki's cabinet could not receive support for any of its crucial projects because the Constitution of 1952 did not authorize the Government to lay down decrees with the force of law. "The Government had no support from the Parliament and no legal instruments to execute its own program like a law to lay down decrees valid like statutes or preferences for the government legislative initiatives."⁸

Moreover, when the Polish people went to cast their votes in the parliamentary elections of October 1991, they had to choose from 111 political parties and organizations that appointed 6,980 candidates for the 460 Sejm seats. As a result, 29 parties gained seats in the Sejm.⁹

About 43 percent of the electorate turned out to vote on 27 October 1991 for the first totally free parliamentary elections in postwar Poland.¹⁰ They elected the most diverse parliament in the country's history: (See Figures 1 and 2)

- The Democratic Union (UD), headed by former Prime Minister Tadeusz Mazowiecki, received 62 seats (13.48 percent) in the Sejm and 21 seats of 100 available in the Senat. Democratic Left Alliance (SLD), an alliance of post-communist parties, won 60 seats (13.04 percent) in the Sejm and four in the Senat.
- The Confederation for Independent Poland (KPN) received 51 seats (11.09 percent) in the Sejm and four in the Senat.
- Polish Peasants Party (PSL) obtained 50 seats (10.87 percent) in the Sejm and nine in the Senat.
- The Catholic Action for Elections (WAK) won 50 seats (10.87 percent) in the Sejm and nine in the Senat.

⁸ Ujazdowski, Kazimierz. "The Constitutional and Political Position of the Executive Power in Poland after 1989." 1997. Online. Internet. Available <http://www.nato.int/acad/fellow/95-97/ujazdow.pdf> (4 January 2004).

⁹ Mair, Peter, and Morlino, Leonardo. "In Search of Democratic Governance in Post-Communist Poland. An Institutional Perspective." April 2000. Online. Internet. Available <http://www.essex.ac.uk/ECPR/events/jointsessions/paperarchive/copenhagen/ws1/chan.PDF> (1 March 2004).

¹⁰ Jabloniski, Jaroslaw. The Key Role of NATO Accession on Poland's Democratic Transformation, Naval Postgraduate School, Monterey California, 2002, p. 33.

- The Centrum Alliance (PC) received 44 seats (9.57 percent) in the Sejm and nine in the Senat.
- The Liberal Democratic Congress (KLD) obtained 37 seats (8.04 percent) in the Sejm and 6 in the Senat.

The next 21 parties each managed to win less than 8 percent of the seats in the Sejm, including Solidarity (NSZZ “Solidarnosc”), which won 27 seats (5.87 percent) in the Sejm and 12 in the Senat.¹¹

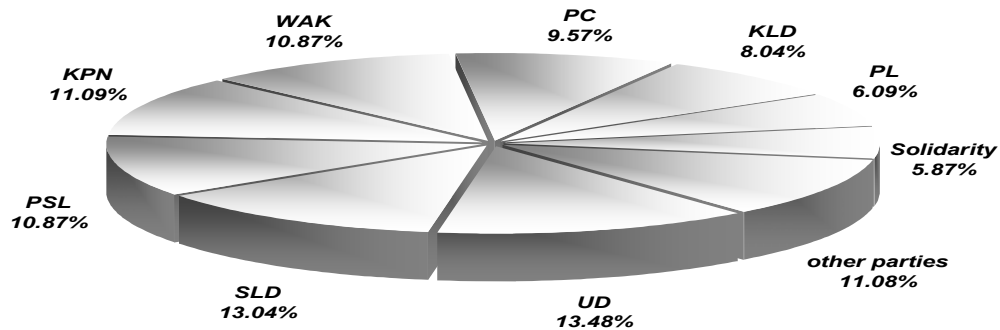


Figure 1. Sejm Election Results October 27, 1991

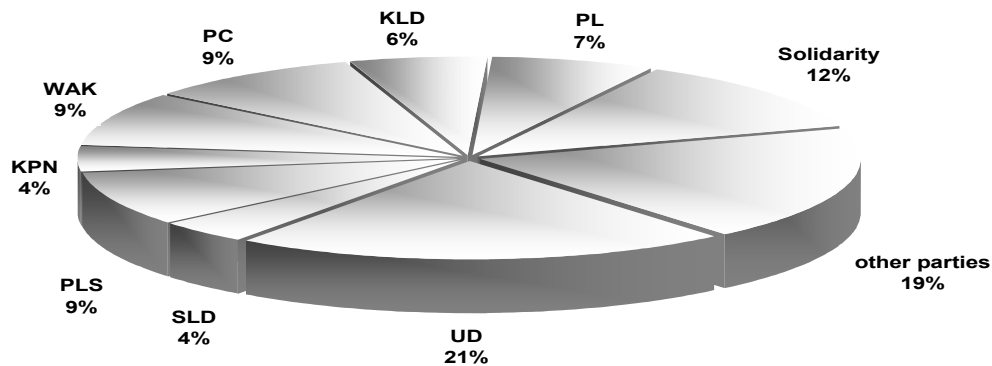


Figure 2. Senat Election Results October 27, 1991

¹¹ Dudek, Antoni. 1991. “Pierwsze wolne wybory parlamentarne 1991. Online. Internet. Available <http://wybory2001.interia.pl/historia/1991> (30 March 2004).

As a result of the diversity reflected in this distribution of power in the Parliament, it was impossible to build a stable government majority. Even the most successful party, the post-Solidarity UD, won only 13.48 percent of the vote. For example, Prime Minister H. Suchocka, in order to form a government majority, created a coalition of seven parties. However, the leaders of these parties were not directly involved in the government structures. This fact caused a division of the real authority between the Cabinet and the party leaders.

In November 1992, the Little Constitution (Constitutional Law on the Relationships between the Legislature and Executive Powers of the Republic of Poland) was signed by the President. The main purpose of this constitution “was to eliminate existing constitutional law and establish a legal basis for more effective governance.”¹² The constitutional position of the Government was strengthened by the addition of the following powers:¹³

- To lay down decrees valid like statutes.
- To assert the execution of statutes.
- To lead, control, and coordinate the activity of all of the organs of State Administration.
- To protect the interests of the State Treasury.
- To control the territorial autonomy.

However, the adoption of the so-called Little Constitution did not markedly improve the situation. This constitution was a heavily amended version of the previous communist one and was created as a transitional document until a new constitution would be adopted. For example, in May 1993, the Sejm dismissed the Suchocka government by 223 votes to 198, with 24 abstentions.¹⁴ Under the Little Constitution, if the Sejm has

¹² Jabloniski, Jaroslaw. The Key Role of NATO Accession on Poland’s Democratic Transformation, Naval Postgraduate School, Monterey California, 2002, p. 43.

¹³ Ujazdowski, Kazimierz. “The Constitutional and Political Position of the Executive Power in Poland after 1989.” 1997. Online. Internet. Available <http://www.nato.int/acad/fellow/95-97/ujazdow.pdf> (4 January 2004).

¹⁴ Mair, Peter and Morlino, Leonardo. “In Search of Democratic Governance in Post-Communist Poland. An Institutional Perspective.” April 2000. Online. Internet. Available <http://www.essex.ac.uk/ECPR/events/jointsessions/paperarchive/copenhagen/ws1/chan.PDF> (1 March 2004).

passed a vote of no confidence, without, at the same time, choosing a new Prime Minister, the President must accept the resignation of the Government or dissolve the Sejm. Walensa decided to dissolve Parliament, leaving the country without a legislative body for the next three months. (The next Parliament was chosen 19 September 1993).

Between June 1989 and May 1993 four coalitions and six premiers governed Poland. Each government lasted for less than 12 months. In May 1993, Poland's first democratically elected Parliament was dissolved after 18 months of bitter political struggles.

C. THE REFORM OF THE ARMED FORCES

Under Poland's communist regimes, the Politburo (chief decision-making committee) of the Polish United Worker's Party (PZPR) was responsible for almost every decision. Thus, the Armed Forces were closely supervised and monitored by PZPR's Central Committee. In addition, the defense ministry was effectively answerable to the Soviet armed forces. That is why the minister of national defense, who was supreme commander of the army and chief of operations, was always a general officer and a full member of the Politburo.

In other words, the Polish People's Army was an instrument of Soviet security policy. The size of military manpower was closely related to the role that the Polish People's Army played in the security of the Warsaw Pact. Thus, in 1988, the Polish armed forces numbered over 897,000 (406,000 active, 491,000 reserves).¹⁵

At that time, party affiliation within the military was extensive. Membership in PZPR was mandatory for senior officers and constituted an informal but necessary condition of a successful career.¹⁶ As a result, 92 percent of officers, 66 percent of warrant officers, and 40 percent of professional non-commissioned officers belonged to PZPR.¹⁷

¹⁵ "Armed Services." October 1992. Online. Internet. Available <http://reference.allrefer.com/country-guide-study/poland/poland256.html> (20 March 2004).

¹⁶ Madej, Marek. "Evolution of Democratic Civilian Control of Armed Forces in Poland: An Overview." Conference Paper at the Geneva Centre for the Democratic Control of Armed Forces (DCAF), Geneva. January 2004, p. 4.

¹⁷ T. Mitek, "An Army Without Commanders." Polska Zbrojna. 4-6 September 1992.

The rapid collapse of communism in Poland in 1989 required immediate and significant changes within the Polish Armed Forces. The first noncommunist Prime Minister of Poland, Tadeusz Mazowiecki, declared on 24 August 1989,

We are not planning to create a new army or militia. Our only aim is to establish a kind of legal guarantee which ensures that everyone inside these institutions has a sense of being a servant of the society.¹⁸

First of all, the Army was depoliticized with the abolition of PZPR cells and control mechanisms. The most independent and potentially dangerous elements of communist influence in the armed forces, such as the Internal Military Service and the 2nd Department of the General Staff, were disbanded. Moreover,

under the amended law on professional military service from 1970, the prohibition of belonging to any political party, association or even trade union was introduced. A service man on active duty could not (and still cannot) also be a member of the national or local parliaments and similar public institutions, although the law allowed him to stand for election.¹⁹

In 1989, some 68 military units were disbanded, and another 147 units were reorganized. According to reports, “this meant the retirement of 400 tanks, 700 artillery pieces, 600 armored personnel carriers, and 80 aircraft, as well as a cut of 30,000 active-duty personnel.”²⁰ Reform measures taken by the end of 1990 included further budget and manpower reductions, conversion of 30 military installations to civilian use, shortened terms of service for draftees, and freedom of religious practice in the military.²¹

In the early 1990’s, Poland’s chief military goal was to end the Warsaw Pact obligations and to remove the Soviet troops still stationed in Poland, and then quickly establish a new set of national security agreements. Poland decided to found its new security policy based on three pillars:

¹⁸ Ibid., p. 5.

¹⁹ Ibid., p. 6.

²⁰ “Armed Services.” Oct 1992. Online. Internet. Available <http://reference.allrefer.com/country-guide-study/poland/poland256.html> (20 March 2004).

²¹ Ibid.

- Development of good-neighborly relations and regional cooperation in Central Europe.
- Participation in all-European cooperative arrangements, and support for the UN global system of security.
- Integration with the West European and Euro-Atlantic security structure-NATO, the Western European Union, and the European Union.²²

The Soviet troop issue was finally resolved in late 1991 with a Soviet agreement to remove all combat troops from Poland by the end of 1992 and all support troops by the end of 1993.²³

In December 1991 an amendment to the 1967 Law on Duty and Defend the Republic of Poland established a system for controlling the armed forces. According to this law, the President became “Commander-in-Chief of the Armed Forces” with authority to determine the main directions of development, whereas the Ministry of National Defense was converted into a civilian organ of state administration with a separate, subordinate armed forces section. Jan Parys was appointed as the first civilian Defense Minister.

In November 1992, two doctrinal documents, The Tenets of Polish Security Policy and The Security Policy and Defense Strategy of the Republic of Poland, laid out the new purposes and tasks of the Polish armed forces. The Security and Defense Strategy document made clear that the main role of the armed forces

is to uphold the nation’s sovereignty, independence, and territorial inviolability. Although indicating that Poland faced no immediate major threat, the document articulated the long-term aim of insuring against future contingencies by seeking membership in NATO.²⁴

Therefore, the participation in Partnership for Peace (PfP), the program leading to membership in NATO, became one of the main priorities for the Polish security policy.

²² Bogowicz, Artur. Polish Armed Force of 2000: Demands and Changes, Naval Postgraduate School, Monterey California, 2000, p. 73.

²³ “Transition and Reform.” Oct 1992. Online. Internet. Available <http://reference.allrefer.com/country-guide-study/poland/poland242.html> (19 March 2004).

²⁴ Cottey, Andrew, Edmunds, Timothy, and Forster, Anthony. Democratic Control of the Military in Postcommunist Europe: Guarding the Guards, NY.: Palgrave Macmillan, 2002, p. 23.

In the same year (1992), the Little Constitution was promulgated. On the one hand, the Little Constitution gave the President extended competencies. Article 34 of the Constitutional Law on the Relationships between the Legislature and Executive Powers of the Republic of Poland gave the President general authority over the internal and external security of the state. Article 35 strengthened the President's position as Commander of the Armed Forces by giving him authority to appoint, after consultation with the Defense Minister, the Chief and Deputy Chiefs of the General Staff and the heads of the main services and military districts. "The president also had the right of declaring martial law and mobilization (art. 36) or a state of emergency (art. 37) as well as supervising international affairs and ratifying treaties (art 28, 32 and 33)."²⁵

On the other hand, the President's power was limited by the Little Constitution. It specified that peacetime command of the Polish armed forces was to be exercised by the President, the Premier and the Council of Ministers. Namely, the President had the right to appoint a Minister of National Defense after consultation and countersignature of the Prime Minister. Moreover, the Council of Ministers was in charge of directing internal and external policy of the Republic of Poland and was responsible for assuring national security and conducting state policy on that matter, whereas the Sejm was responsible for assigning appropriate levels of annual funding and controlling the execution of adopted arrangements.²⁶ This situation caused "the emergence of some kind of 'two head executive,' when two state organs claimed to have similar competencies."²⁷ This resulted in disputes between the President and the Government over the question of control over the armed forces and finally caused the so-called "Drawsko affair" that took place on 30 September 1994 (see Chapter III).

²⁵ Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 83.

²⁶ Smith, Larry. "Poland: Command and Control Doctrine." September 2002. Online. Internet. Available <http://orbat.com/site/orbats/data/poland/c2doctrine.html> (16 February 2004).

²⁷ Madej, Marek. "Evolution of Democratic Civilian Control of Armed Forces in Poland: An Overview." Conference Paper at the Geneva Centre for the Democratic Control of Armed Forces (DCAF), Geneva. January 2004, p. 8.

D. EVOLUTION OF DEFENSE BUDGET AUTHORITY

Under communist rule, legislative power was assigned to the Council of State, with only the Sejm relegated to formally approving Council decisions once they were made. However, security, defense and military policy was the exclusive domain of the military, closely controlled by the Main Political Administration. “The majority of matters connected with the military (planning, budget, staff, infrastructure) were treated as solely ‘army business’ and considered to be confidential or secret.”²⁸ Procedures for the planning and realization of expenditures for the purposes of defense were politically oriented. Defense budgets were driven mainly by task requirements and did not reflect economic situations.

However, the planning and budgeting system of the Polish People’s Army itself was well developed with interrelated phases. The planning horizon was grouped into three categories: long-term perspective plans (15 years), medium-term perspective plans (five years), and annual budgets. Moreover, planning was consistent with the state strategic and administrative assumptions. Furthermore, defense budgetary procedures that occurred simultaneously at different organizational (strategic) levels of MoND were subordinated to guidelines from the General Staff.²⁹

After the collapse of the Warsaw Pact, the military budget could no longer be perceived as “army business.” On the contrary, civilian control over the armed forces and the defense budget became crucial issues associated with the transition to a democratic Poland. This process began when two civilian deputy ministers were included within a structure of the MoND in April 1990. Subsequently, the Sejm took back from “the militaries” its constitutional obligation and became responsible for assigning appropriate levels of annual funding and for passing laws regulating defense.

²⁸ Ibid., p. 4.

²⁹ Palak, Jerzy and Telep, Jerzy. *Kierunek Armia Zawodowa? – aspekty ekonomiczne przebudowy i modernizacji Sił Zbrojnych Rzeczypospolitej Polskiej*, Warszawa: Dom Wydawniczy Belona, 2002, pp. 58-62.

However, at that time, “an overwhelming majority of the deputies elected to the Polish parliament were newcomers for whom the budget process was completely unknown.”³⁰ The parliamentary budget services that were set up in order to provide support to deputies working on the budget consisted of only six employees.³¹ Moreover, “the presence of a multitude of political parties and a wide range of diversity of interests in the Polish Sejm, which manifested itself in its entirety during the work on the central budget (Deputies frequently identified their own individual or group interest with the public interest),” resulted in a very difficult process of budget approval.³²

Moreover, priority of economic reforms over military issues (in 1990, inflation was almost 600 percent) caused severe defense budget cuts.³³ Between 1989 and 1993 the defense budget decreased around 60 percent.³⁴ “In 1991, for example, the Ministry of National Defense proposed to the Sejm a defense budget of 29 trillion zloty whereas the Sejm approved a budget of 23 trillion zloty, but subsequent cuts lowered the total to 16 trillion zloty.”³⁵ This situation caused the MoND to give up planning process for periods longer than one year.

E. CONCLUSION

The democratic transformation of Poland between 1989 and 1993 was characterized by frequent changes in government and instability within the political party systems. An immense amount of legislative work was done in order to adjust the constitutional law to the political and economic changes taking place in Poland. For example, the parliament elected in June 1989 drafted more than 200 laws during two

³⁰ Stankiewicz, Wieslaw. “Budget Analysis for Parliaments: The Case of Poland.” 68th IFLA Council and General Conference. 18-24 August 2002.

³¹ Ibid.

³² Ibid.

³³ “Background Notes: Poland.” 2004. Online. Internet. Available <http://realadventures.com/listing/1024167.htm> (4 February 2004).

³⁴ Palak, Roman and Telep, Jerzy. *Kierunek Armia Zawodowa? – aspekty ekonomiczne przebudowy i modernizacji Sił Zbrojnych Rzeczypospolitej Polskiej*. Warszawa: Dom Wydawniczy Belona, 2002, p. 16.

³⁵ “Poland –Military Budget.” October 1992. Online. Internet. Available <http://www.exploitiz.com/Poland-Military-budget-cg.php> (4 January 2004).

years of its cadency.³⁶ However, for the Polish Armed Forces, it was a difficult period resulting in a gradual degradation of their military capabilities due to sufficient cuts in defense spending.

³⁶ “Legislative Initiatives of the Senate of the First and Second Term.” September 1997. Online. Internet. Available <http://www.senat.gov.pl/k5eng/historia/noty/nota09a.htm> (27 January 2004).

III. LEGAL AND STRUCTURAL CHANGES BETWEEN 1993 AND 2003

A. INTRODUCTION

This chapter has a similar structure to the previous one. Namely, it provides a chronological description of the democratic transformation, followed by an analysis of the rules that have governed the process of budgeting for defense in Poland between 1993 and 2003.

To provide a clean picture of the distribution of power among the different actors in the budget cycle and the role of the legislature in the control of defense spending, this chapter is subdivided into three main parts.

The first section provides an overview of the political environment and institutional reform that occurred between 1993 and 2003. The second section describes the reforms of the Polish Armed Forces that occurred during this period, while the third section focuses on the role of legislative authority within the defense budget process and its evolution.

B. POLITICAL ENVIRONMENT AND INSTITUTIONAL REFORMS

The Little Constitution did not eliminate the ambiguity that existed among executive authorities. On the contrary, it implemented a dual executive system, whereby the government and the president shared control over the national defense, internal and foreign affairs. It must be said that under the Little Constitution, the Government had no political responsibility to the President. Only if the Parliament had no ability to form the Board of Ministers in the parliamentary mode could a presidential government have appeared.³⁷

Moreover, presidential power regarding the Sejm was limited by the Little Constitution in several ways. Firstly, the veto over legislation was maintained, although the Sejm could overrule it by a two-thirds majority. Secondly, dissolution of the

³⁷ Ujazdowski, Kazimierz. "The Constitutional and Political Position of the Executive Power in Poland after 1989." 1997. Online. Internet. Available <http://www.nato.int/acad/fellow/95-97/ujazdow.pdf> (4 January 2004).

Parliament was limited to specific conditions such as the Sejm's failure to pass a budget in the required time, to form a new government or to nominate an alternative prime minister when passing a successful vote of no confidence (as in Suchocka's case). Finally, the process of nominating a new prime minister, as well as dismissing an incumbent, was dependent only upon the presence of a parliamentary majority.³⁸

However, changes to the law derived from the Little Constitution did not stabilize the political situation. On the contrary, they caused the President, the Parliament, and the Government to engage in open confrontation over the issue of political predominance in Poland. This period was characterized by Walesa's political incompetence and willfulness, his lack of collaboration with the Suchocka government, and a deeply divided and fragmented Parliament which behaved at its worst during 1993.³⁹ As a result, the Sejm passed a vote of no confidence and dismissed the Suchocka government, following which, President Lech Walesa dissolved the Parliament.⁴⁰

Just before being dissolved, the Sejm passed the Electoral Law on 28 May 1993. This law was an attempt to stabilize the future political system by applying the d'Hondt electoral method. This was intended to address the problems associated with proportionality under the previous system of Hare-Niemeyer (used in 1991).⁴¹ (Table 1) The major changes that were imposed by the Electoral Law were as follows:⁴²

- Three electoral thresholds were established to eliminate small parties from the political life. Only parties that collected at least five percent of the national vote and eight percent in the case of electoral coalitions were entitled to gain seats in the Parliament.

³⁸ Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 84.

³⁹ *Ibid.*, pp. 143-145.

⁴⁰ Mair, Peter, and Morlino, Leonardo. "In Search of Democratic Governance in Post-Communist Poland, an Institutional Perspective." April 2000. Online. Internet. Available <http://www.essex.ac.uk/ECPR/events/jointsessions/paperarchive/copenhagen/ws1/chan.PDF> (1 March 2004).

⁴¹ *Ibid.*

⁴² *Ibid.*

- In order to distribute 391 of the 460 seats, the country was divided into 52 districts (37 in 1991), each having three to 17 deputies. Thus, the average number of seats per district was reduced from 10.5 to 7.51.
- The remaining 69 seats were assigned proportionally to those parties, which gained at least seven per cent of the national vote.
- Minority groups were allowed to submit national lists if they were able to register their list in at least five districts.

Crystallization of the Polish Party System 1991-1997

Election Year	1991	1993	1997
Number of deputies	460	460	460
District magnitude	10.5	7.5	7.5
Electoral Formula	LR-Hare	d'Hondt	d'Hondt
Constituency seats	391	391	391
Threshold	-	Parties: 5% Coalitions: 8%	Parties: 5% Coalitions: 8%
National seats	69	69	69
Threshold	5% or winning seats in at least 5 districts	7%	7%
Number of lists	111	35	31
Number of candidates	6980	8787	6433
Turnout (%)	43,2	52.1	47.9
Number of parties elected	29	7	6

Table 1. Sejm Election Results 1991-1997⁴³

As a result of the introduction of the Electoral Law, the Parliament elected on 19 September 1993 was, for the first time after the collapse of communism, able to form a government majority. This majority was comprised of the SLD and PSL, the largest parties in both houses of the Parliament, creating leftist governments, first under

⁴³ Ibid.

Waldemar Pawlak of the PSL, and later under Jozef Oleksy of the SLD.⁴⁴ Thus, the Sejm and the governments were in an extremely strong position to lay down the directions for the new constitution and improve the existing laws.

However, relations between President Walensa and the Pawlak and Oleksy governments were poor. Walensa clashed continually with successive prime ministers over various issues, accusing governments of neglecting matters of state importance while dealing with personal and party interests.⁴⁵ This not only significantly slowed the process of shaping a new constitution but also hampered the governments' attempts to eliminate gaps in Polish law.⁴⁶ That is why the Little Constitution was not amended much.

Nevertheless, one of the most important changes to this document was the amendment that required a dissolved Sejm to continue its constitutional duty until a new Sejm could be elected (in order to prevent a situation like what happened in 1993). Another significant change to the Constitution of 1992 allowed the President to dissolve Parliament within a three month period following its failure to pass the budget. The previous time period was 21 days.⁴⁷

Fortunately, the "legislative power" of the Sejm and the effectiveness of the government increased when Aleksander Kwasniewski won the presidential elections in 1995. "Kwasniewski's presidential victory brought not only an end to 'cohabitation' but also peace to inter-institutional relations, thereby paving the way for the adoption of the new constitution."⁴⁸

⁴⁴ Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 185.

⁴⁵ "Background Notes: Poland." 2004. Online. Internet. Available <http://realadventures.com/listing/1024167.htm> (4 February 2004).

⁴⁶ Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 145.

⁴⁷ Ibid., p. 84.

⁴⁸ Mair, Peter and Morlino, Leonardo. "In Search of Democratic Governance in Post-Communist Poland, an Institutional Perspective." April 2000. Online. Internet. Available <http://www.essex.ac.uk/ECPR/events/jointsessions/paperarchive/copenhagen/ws1/chan.PDF> (1 March 2004).

The Constitution of 2 April 1997 was signed by President Kwasniewski on 16 June and came into force three months later. It maintained presidential power as “the supreme representative of the Polish Republic,” guardian of its constitution, the continuity of state power, sovereignty, and security. However, as a lesson learned from Walesa’s presidency, presidential power was limited by making several changes to the Little Constitution:⁴⁹

- The President lost his power to nominate “the three key ministers” of Foreign and Internal Affairs and Defense.
- The President lost his power to veto the annual budget.
- A presidential veto over legislation could be overridden by the Sejm with a three-fifths majority (a two-thirds majority was required under the Little Constitution).
- The President could dissolve parliament only if it failed to pass the budget within four months of presentation, if the Sejm was not able to appoint the government and simultaneously did not accept a cabinet proposed by the President.
- The President could dismiss the government only if the absence of a Sejm majority resulted in a deadlock.

The adoption of the 1997 Constitution firmly established a semi-presidential system that had emerged since 1989, with some modifications to strengthen the position of the government vis-à-vis the Sejm and the President.

In 1997, Post-Solidarity parties, in order to regain power in the approaching parliamentary election of 1997, created an electoral coalition called the Solidarity Electoral Action (AWS) composed of more than 30 right-wing parties. “The component parties of the AWS differed in many ways but were united in one conviction – to defeat the SLD at the next general election in September 1997.”⁵⁰ As a result, two parties with roots in the Solidarity movement, the AWS and Freedom Union (UW), received 261 of 460 seats and 51 of 100 seats in the Sejm and Senat respectively.⁵¹ Following this election, Jerzy Buzek of the AWS created a government.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

Because the ruling coalition consisted of so many political groups during the first year of the coalition's life, 30 public conflicts were noted between the partners, significantly decreasing the effectiveness of the government.⁵² Fortunately, in the following years, the government gained political consensus and strengthened both the political and economic systems by implementing reforms of the social security system, local governments, healthcare, the pension system and the Armed Forces.

The Buzek government, supported by President Aleksander Kwasniewski (he signed 223 out of 233 bills sent to him for signature within the statutory 21-day period),⁵³ provided four years of governmental stability, including Poland's accession to NATO in March 1999. The cohabitation between the President and the government resulted not only in the Sejm passing a significant number of laws but also the decisive reelection of President Kwasniewski on the first ballot during the presidential election held in 2000. (Table 2)

Source of Legislative Initiative						
Source	First Sejm		Second Sejm		Third Sejm*	
	Introduced	Passed	Introduced	Passed	Introduced	Passed
Deputies	225	47	250	103	373	147
Senat	9	4	9	4	19	7
President	10	4	19	4	10	4
Council of Ministers	91	47	220	137	365	232
Civic initiative	-	-	-	-	1	-
The work of the Sejm						
No. of sessions	45		115		101**	
Draft-laws	335		826		948	
Laws passed	94		473		450	
Resolutions	135		296		198	
Declarations	506		496		1151	

* Until 30 June 2000. ** Until 20 February 2001.

Table 2. Source of Legislative Initiative and the Work of the Sejm ⁵⁴

⁵² Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 161.

⁵³ Ibid., p. 119.

⁵⁴ Ibid., pp. 117-119.

However, the implementation of a package of three fundamental reforms of public finance caused overheating of the state budget.⁵⁵ “The new pension and healthcare systems ran a huge deficit, which was largely covered by state budget subsidies.”⁵⁶ This led to a deterioration of the quality and availability of healthcare services, as well as delays in pension payments. As a result, the Government was no longer supported by the public. Thus, in the parliamentary election of 2001, both the AWS and the UW were practically eliminated from the Sejm (gaining only 5.6 and 3.1 percent of available seats, respectively).⁵⁷

Poles switched their support again to the SLD, which had formed an electoral alliance with the UP. This alliance achieved the best electoral result of the Third Republic, with 216 seats (41.04 percent) in the Sejm and 75 seats (75 percent) in the Senate.⁵⁸ Subsequently, the SLD-UP formulated a new coalition with the PSL, led by Leszek Miller as Prime Minister.

To sum up, during this time the pendulum of power swung between right and left, led by six prime ministers, one of whom served twice.⁵⁹ In such an unpredictable political environment, “efforts were made to achieve an agreeable balance between

⁵⁵ The first of them was the introduction of the new local government levels in order to decrease the centralization of public funds management. The second was the healthcare system that, by creating so-called Health Funds, switched financial responsibility from the state budget to funding collected by a payroll tax. The third was the pension system. Prior to its reform, this system was operated under an agreement that the working population funded benefits for the generation of pensioners. The reform converted the system into a partly capital-based system.

⁵⁶ Misiąg, Wojciech and Niedzielski, Adam. “Openness and Transparency of Public Finance in Poland in the Light of International Monetary Fund Standards.” 2001. Online. Internet. Available <http://www.internationalbudget.org/resources/library/Poland/pdf> (2 April 2004).

⁵⁷ Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 187.

⁵⁸ *Ibid.*, pp. 187-188.

⁵⁹ “Lost of Solidarity.” October 2001. Internet. Online. Available <http://www.economist.com/printedition.cfm> (25 October 2001).

democratic governability through stable majorities and proportionality of political representation.”⁶⁰ However, the Polish party system and the parties themselves were far from having achieved their final form.

C. THE REFORM OF THE ARMED FORCES

In the early 1990’s, Poland decided to found its new security policy on three principal pillars.⁶¹ One of them was integration with NATO, the alliance that was perceived as a foe before the collapse of the Warsaw Pact in 1989. However, NATO itself lost its primary mission “to deter or defend against an attack on Western Europe by the Soviet-led Warsaw Pact alliance because of the breakup of both the Soviet Union and the Warsaw Pact”.⁶² Thus, NATO was forced to redefine its role. As part of that redefinition, the alliance invited the foreign ministries of all the former Warsaw Pact members to develop a more institutional relationship of consultation and cooperation on political and security issues.⁶³ As a result, on 10 January 1994, Poland was invited to join the Partnership for Peace (PfP).⁶⁴

The main goals of the PfP were to intensify political and military cooperation in order to increase stability, diminish threats to peace, and finally enlarge NATO by adding the participating countries. Membership in the PfP obligated Poland to pursue and fulfill the following objectives:⁶⁵

- Maintain capability and readiness to contribute to operations under the authority of the UN and/or the responsibility of the Commission on Security and Cooperation in Europe (CSCE).

⁶⁰ Mair, Peter and Morlino, Leonardo. “In Search of Democratic Governance in Post-Communist Poland, an Institutional Perspective.” April 2000. Online. Internet. Available <http://www.essex.ac.uk/ECPR/events/jointsessions/paperarchive/copenhagen/ws1/chan.PDF> (1 March 2004).

⁶¹ See Chapter IIC.

⁶² United States. Congressional Budget Office Paper. Integrating New Allies Into NATO. October, 2000, p. IX.

⁶³ Jabloniski, Jaroslaw. The Key Role of NATO Accession on Poland’s Democratic Transformation, Naval Postgraduate School, Monterey California, 2002, p. 22.

⁶⁴ “Partnership for Peace: Framework Document issued by the Heads of State and Government participating in the Meeting of the North Atlantic Council.” January 1994. Online. Internet. Available <http://www.nato.int/docu/basic/b940110b.htm> (14 April 2004).

⁶⁵ Ibid.

- Develop cooperative military relations with NATO in order to undertake missions in the fields of peacekeeping, search and rescue, humanitarian operations, and others as may subsequently be agreed upon.
- Provide transparency over national defense planning and budgeting processes.
- Ensure democratic control of defense forces.

However, Poland was not even close to fulfilling any of these requirements at the beginning of 1994. After five years of the gradual degradation of military capabilities, the Polish Armed Forces were not capable of maintaining sufficient levels of readiness in order to take part in any operation outside Polish borders. The priority of economic reforms over military ones caused severe defense budget cuts. Spending for defense was reduced 60 percent between 1989 and 1993.⁶⁶ This fact led to a situation where funds were too low even to maintain Polish equipment in a status quo condition, much less to provide for modernization. As a result, military cooperation between the Polish Armed Forces and NATO was almost impossible.

Moreover, national defense planning and budgeting processes were not transparent at all. The planning and budgeting system of the Polish Armed Forces was based on annual budget cycles. Lack of any documents and plans made that process unpredictable even from one year to another. In addition, the Sejm had limited supervision over military administration due to the simplified accounting method that was in force at the time.⁶⁷

Finally, a struggle between President Walensa and the Olszewski government in 1992 over the actual scope of presidential authority on defense matters resulted in ambiguity concerning control over the army. The first civilian Minister of Defense, Jan Parys, described his mission as a “struggle over the future of the political system in Poland: whether the system will be democratic or whether dictatorship will prevail.”⁶⁸

⁶⁶ Palak, Jerzy, and Telep, Jerzy. *Kierunek Armia Zawodowa? – aspekty ekonomiczne przebudowy i modernizacji Sił Zbrojnych Rzeczypospolitej Polskiej*. Warszawa: Dom Wydawniczy Belona, 2002, p. 16.

⁶⁷ Ibid., p. 91.

⁶⁸ Michta, Andrew. *The Soldier-Citizen. The Politics of the Polish Army After Communism*. New York: Martin's Press, 1997. p. 83.

The problem had roots in the institutional reforms of the early 1990's when the MoND was divided into two separate divisions: a military General Staff (an exclusively military body) and a civilian-military Ministry. However, ministerial access to military resources was possible only through the General Staff (GS). As a result, the GS became "a semi-independent institution able to regulate the amount of information available to the minister as well as to decide on implementation of ministerial decisions."⁶⁹

It led to a highly ambiguous situation when, without the knowledge of the Minister of Defense, one of the President's aides, Jerzy Milewski, met with senior officers and announced that Gen. Tadeusz Wielecki was the President's choice as the new chief of the General Staff. Parys interpreted this situation as a political end run around his office by the armed forces, and portrayed it as a threat to Polish democracy. This situation caused a major dispute over whether the President or the defense minister would exert dominant control over the armed forces. In the aftermath, Parys was forced to resign because presidential prerogatives were greater than the constitutional power assigned to the Minister of Defense. Subsequently, Walensa appointed Gen. Tadeusz Wielecki as the new chief of the General Staff.

As a result of Parys' dismissal, Gen. Wielecki, supported by President Lech Walensa, was able to minimize political control over the military. He duplicated the ministerial departments in the General Staff and consequently took over control of financial, personnel and defense planning.⁷⁰ Moreover, this situation led to political involvement of the "flag officers". Namely, generals contested the principles of civilian control, the political leadership, and openly condemned military reform plans.⁷¹

In September 1994, the biggest political scandal regarding the armed forces occurred. At the Army's range in Drawsko, President Walesa, Defense Minister Piotr Kolodziejczyk, Chief of the General Staff General Wielecki, and other senior officers met

⁶⁹ Gogolewska, Agnieszka. "Democratic Civilian Control of the Military in Poland." November 2002. Online. Internet. Available http://www.dcaf.ch/pfpc-ssr-wg/Meetings/garmisch/Poland_Gogolewska.pdf (2 April 2004).

⁷⁰ Ibid.

⁷¹ Ibid.

at a dinner and took an informal vote of no confidence in the civilian Minister of Defense at the suggestion of the President. The “Drawsko affair” and subsequent official statements of General Wielecki (August 1995), in which he attacked politicians and bitterly criticized military policy of the Government, revealed the weaknesses of civilian control over the army. These events were perceived both in Poland and abroad as a threat to Polish democracy in general and particularly to the membership in NATO.⁷²

Fortunately, the crisis was solved after the presidential election in the autumn of 1995, when Aleksander Kwasniewski became the new President of the Republic of Poland. President Kwasniewski signed new legislation that subordinated the Chief of the General Staff to the Prime Minister and to the Minister of Defense.⁷³

The Parys and Drawsko affairs created obvious consensus for a constitutional order that would give civilian defense ministers rather than the President dominant power over the control of the armed forces. Thus, the Constitution of 2 April 1997 (still in effect) assigns the “real control” over development and managing of Polish security policy to the Government. Namely, the President retains the title of the Supreme Commander of the Armed Forces, but article 134(6) gives the Parliament and Council of Ministers the power to define the President’s function as Supreme Commander.⁷⁴ Moreover, in the aftermath of the Drawsko affair, the Constitution of 1997 states that “the armed forces shall observe neutrality regarding political matters and shall be subject to civil and democratic control.”⁷⁵ The Constitution of 1997 finally established the fundamental elements of democratic control over the Armed Forces, one of the most important conditions attached to membership in the Alliance.

Another important step towards NATO membership was adoption by the Council of Ministers of the “Outlines of the Government Programme for the Armed Forces Modernization 1998-2012” in September 1997 (later called the “Programme for

⁷² Cottey, Andrew, Edmunds, Timothy, and Forster, Anthony. *Democratic Control of the Military in Postcommunist Europe: Guarding the Guards*, NY.: Palgrave Macmillan, 2002, pp. 28-31.

⁷³ Government of Poland. The Act on Ministry of National Defense on 14 December 1995.

⁷⁴ Cottey, Andrew, Edmunds, Timothy and Forster, Anthony. *Democratic Control of the Military Postcommunist Europe: Guarding the Guards*, NY.: Palgrave Macmillan, 2002, p. 34.

⁷⁵ Government of Poland. Constitution of the Republic of Poland. April 1997. Art. 26(2).

Integration with the North Atlantic Treaty Organization and Modernization of the Polish Armed Forces 1998-2012”).⁷⁶ This program implied the creation of “a smaller but more capable force structure with well-equipped, mobile and efficient forces.”⁷⁷ According to that plan, manpower would be reduced from 241,750 in 1997 to 180,000 in 2002, with further cuts to a level between 155,000 and 160,000 in subsequent years. Moreover, it set the increase of expenditures on equipment, infrastructure and research and development from \$.32 billion in 1997 to \$1.23 billion in 2012.⁷⁸

According to the Supreme Allied Command Europe (SACEUR), the “Military 2012 program”⁷⁹ laid a solid framework for modernizing the Polish armed forces in line with NATO and, once approved and funded, would provide foundation and predictability for full integration with NATO.⁸⁰ A detailed description of Poland’s Procurement Plans according to the “Programme for Integration with the North Atlantic Treaty Organization and Modernization of the Polish Armed Forces 1998-2012” is provided in the Appendix.

As a result of the introduction of democratic control over the armed forces and deep doctrinal and organizational restructuring of the military, Poland was invited to join the Alliance during the Madrid Summit in July 1997, and subsequently, on March 12, 1999, officially became a member of NATO.⁸¹

⁷⁶ Palak, Roman and Telep, Jerzy. *Kierunek Armia Zawodowa? – aspekty ekonomiczne przebudowy i modernizacji Sił Zbrojnych Rzeczypospolitej Polskiej*. Warszawa: Dom Wydawniczy Belona, 2002, p. 63.

⁷⁷ “NATO Resists Pressures to Militarize Central Europe.” Online. Internet. Available <http://www.basicint.org/pubs/Papers/BP28.htm> (2 April 2004).

⁷⁸ Ibid.

⁷⁹ The Programme for Integration with the North Atlantic Treaty Organization and Modernization of the Polish Armed Forces 1998-2012.

⁸⁰ Dragsdahl, Jorgen. “NATO Resists Pressures to Militarise Central Europe.” July 1998. Internet. Online. Available <http://www.basicint.org/pubs/Papers/BP28.htm> (2 April 2004).

⁸¹ Madej, Marek. “Evolution of Democratic Civilian Control of Armed Forces in Poland: An Overview.” Conference Paper at the Geneva Centre for the Democratic Control of Armed Forces (DCAF), Geneva. January 2004, p. 11.

As a new member of NATO, Poland faced new military challenges. Namely, the strategic objectives of the Polish armed forces were not only to ensure secure conditions for exercising national interests by defending them against external crisis or war threats, but also “to participate in common defense of the territories of NATO member states.”⁸²

However, technical upgrade of the army and development of the skills of armed forces personnel in order to achieve interoperability and compatibility with NATO forces were not treated as urgent tasks. Thus, the “Program of Integration with the North Atlantic Treaty Organization and Modernization of the Polish Armed Forces 1998-2012” that had been adopted by the Government was only partially implemented due to insufficient funding for its realization.⁸³ The process of modernization of the Polish armed forces was rejected in favor of the reforms of the healthcare and pensions systems.⁸⁴

No significant changes occurred until adoption of a new “Security Strategy of the Polish Republic”⁸⁵ in January 2000, and subsequently, the “Programme of Restructuring and Technical Modernization of the Armed Forces of the Republic of Poland 2001-2006” that was aimed at fulfilling Alliance objectives (currently in progress). Namely, it aims for “achievement of full interoperability with NATO by one-third of the Polish armed forces, which would facilitate co-operation with allied forces on the territory of Poland and beyond it.”⁸⁶

⁸² Embassy of the Republic of Poland in Ankara. “The System of National Defense of the Republic of Poland.” Internet. Online. Available <http://www.polonya.org.tr/sec5-doktryna-1.html> (5 April 2004).

⁸³ Polska Zbrojan. Artykul. Internet. Online. Available http://www.polska-zbrojana.pl/artukul.html?id_artukul=169 (2 April 2004).

⁸⁴ Misiag, Wojciech, and Niedzielski, Adam. “Openness and Transparency of Public Finance in Poland in the Light of International Monetary Fund Standards.” The Gdansk Institute for Market Economy. 2001. Internet. Online. Available <http://www.internationalbudget.org/resources/library/Poland.pdf> (28 March 2004).

⁸⁵ This document replaced a doctrinal text setting out the security and defense policy of Poland from 1992.

⁸⁶ Domisiewicz, Rafal. “Modernisation of the Armed Forces in Polish Foreign Policy.” 2002. Internet. Online. Available <http://www.sprwymiedzynarodowe.pl/yearbook/2002/druk/domisiewicz.html> (5 April 2004).

The importance of introducing this program was underscored by the fact that three years after gaining NATO membership, the Polish armed forces were still struggling to meet NATO Force Goals. The situation was further complicated by new requirements generated from the Defense Capabilities Initiative. Namely, the “Supreme Headquarters Allied Powers Europe (SHAPE) proposed in its defense plan for 2001-2006 that Poland will participate in the implementation of 180 force goals and long-term commitments.”⁸⁷

The Polish armed forces went through a turbulent period from 1993 to 2003. The process of transforming Poland’s military was more difficult and slower than expected.

These difficulties were particularly compounded by reforms necessitated by Poland’s entry into NATO. Poland became a member of the Alliance in March 1999, and in the same month NATO began the bombing campaign in Kosovo. Thus, the first test of loyalty and interoperability came very soon. Namely, “the yardstick of the Polish armed forces’ combat readiness and allied solidarity was their participation in Operation ‘Allied Force’ in Kosovo.”⁸⁸ In addition, from 1993 to 2000, 42,000 Polish soldiers participated in 46 peacekeeping operations led by the UN, OSCE, EU and NATO.⁸⁹ Consequently, NATO Secretary General Lord Robertson praised Poland for being a reliable NATO member during his February 2002 visit to Poland.

D. THE EVOLUTION OF THE DEFENSE BUDGET

In the early 1990’s, defense budget planning procedures were based only on a one-year planning perspective due to the unpredictability of the political environment, a poor economic situation, and lack of state long-term plans regarding the Polish armed forces.

Moreover, the only law related to public finance was the Budget Law passed on 5 January 1991.⁹⁰ Its objective was only to “adjust the budget institution operating under the centrally planned economy to the new economic regime.”⁹¹

⁸⁷ Ibid.

⁸⁸ Ibid.

⁸⁹ Mitchell, Elena. “Informed Question Paper – Polish Military.” National Defense University. 2002. Internet. Online. Available <http://www.ndu.edu/libragry/n2/n025604K.pdf> (10 April 2004).

⁹⁰ This law replaced the Budget Law from 1984.

Under these circumstances, the MoND was forced to evaluate the country's defense needs and create a priority list regarding spending within the Polish armed forces. There were insufficient funds to cover all required expenditures.⁹² As a result, the General Staff created mid-term perspective plans for the years 1991-1995 and 1993-1995.⁹³ These documents had a purely internal character and were used by the General Staff as a tool to allocate available resources and to estimate essential needs of the armed forces in the applicable time-frames.

The first noticeable sign of incoming changes related to the defense budget occurred on 9 November 1993, when Prime Minister Waldemar Pawlak indicated “an urgent need to review possibilities of the national economy to guarantee a minimum three percent share of military expenditures in the gross domestic product (GDP).”⁹⁴ Moreover, he stressed that the problem of the restructuring of the arms industry would receive top priority in the government's activities.⁹⁵

At this time, however, the Polish government was reluctant to put money into the defense budget. There was a noticeable gap between verbal assurances offered by the government and the reality of the funds released by a legislated budget.

When Poland joined PfP in 1994, it became obvious that the Polish armed forces required significant and immediate reforms not only by downsizing its manpower but also by equipping them with advanced military tools and weapons adjusted to international standards. However, the 1995 Budget Act did not assign sufficient funds for modernization. On the contrary, art. 45 stated that only 367,935,000 PLN was devoted to

⁹¹ Misiąg, Wojciech, and Niedzielski, Adam. “Openness and Transparency of Public Finance in Poland in the Light of International Monetary Fund Standards.” The Gdansk Institute for Market Economy. 2001. Internet. Online. Available <http://www.internationalbudget.org/resources/library/Poland.pdf> (28 March 2004).

⁹² Between 1989 and 1993 defense expenditures fell by 60 percent (see Chapter II).

⁹³ Palak, Roman and Telep, Jerzy. *Kierunek Armia Zawodowa? – aspekty ekonomiczne przebudowy i modernizacji Sił Zbrojnych Rzeczypospolitej Polskiej*. Warszawa: Dom Wydawniczy Belona, 2002, p. 63.

⁹⁴ Polish Press Agency. “Defense Spending in Poland.” 8 November 1993. Internet. Online. Available <http://www.nexis.com/research /search/documentDisplay? docnum=6& ansset=B-WA> (1 April 2004).

⁹⁵ Ibid.

defense investment, or 7 percent of the total expenditures in 1995.⁹⁶ As a result, further degradation of investment programs took place and procurement of military equipment was postponed. “Cannibalism” occurred, as significant defense budget cuts led to the situation when assigned funds were too low to maintain Polish equipment in a status quo condition. Thus, in order to have at least some equipment working properly, parts from one or more devices were taken and put on another.

These facts led to a parliamentary debate on defense issues that took place in February 1995. As matter of fact, it was the first parliamentary debate over national defense since the end of WWII.⁹⁷ The result of this debate was the adoption of a resolution which made recommendations for setting defense spending at 3 percent of the GDP by the end of 1997.⁹⁸ Moreover, it stressed that the Government should allocate more funds for military equipment modernization. Although this resolution did not have the binding power of a legislative act, the Government was obliged to take into consideration the Sejm’s recommendations indicated in this document while shaping the budgets for coming years.⁹⁹

Additionally, in order to gain better control over budget performance and government activities, the Sejm set up the Budget Studies Division in 1995. The division was responsible for analysis of materials submitted by the Government, preparation of written opinions on the textual part of budget bills, participation in all sittings of the Public Finance Committee and other subcommittees of the Sejm, formulation of deputies’ proposals for amendments and describing the financial consequences of the proposed

⁹⁶ Ministry of National Defense. The Budget Department. The Basic Information on The MoND Budget for 2003. Warszawa: Departament Budżetowy MON, Departament Wychowania i Promocji Obronosci MON. 2003 p. 9.

⁹⁷ The Republic of Poland, Budget Department MoND. 2000. “Procedure Applied by the Polish Ministry of Defense to Estimate National Expenditure: Dilemmas and Limitations.” Presentation Paper. Warszawa 2000.

⁹⁸ Ibid.

⁹⁹ Ibid.

amendments, and finally executing other requests made by deputies, concerning budget issues.¹⁰⁰ Thus, the problem of poor preparation of parliamentarians to perform the public role assigned to them by the electorate was at least partially addressed.¹⁰¹

These were important steps towards enhancing the system of defense planning. When Poland was invited to join NATO during the Madrid Summit in July 1997, the issue of modernization of the Polish armed forces became perceived as important. As a result, in September 1997, the Government announced the “Outlines of the Government Programme for the Armed Forces Modernization 1998-2012.” This program implied creation of a smaller but more capable force with particular emphasis on its modernization. According to this plan, expenditures on equipment, infrastructure and research and development would increase almost fourfold, from \$.32 billion in 1997 to \$1.23 billion in 2012.¹⁰²

However, a few days later on 27 September 1997, a new parliamentary election took place, and the new Government was chosen. Although new Prime Minister Jerzy Buzek pledged to uphold a 15-year military reform program, no funds were assigned to the MoND to fully implement it.¹⁰³

Such inconsistency in the government’s activities was possible mainly because of lack of transparency of public finance. In 1997, the 1991 Budget Law was the only law relating to public finance. Although “many amendments of this act were introduced, but

¹⁰⁰ Stankiewicz, Wiesław. “Budget Analysis for Parliaments: The Case of Poland.” 68th IFLA Council and General Conference. 18-24 August 2002. pp. 3-4.

¹⁰¹ See Chapter IID.

¹⁰² “NATO Resists Pressures to Militarize Central Europe.” Online. Internet. Available <http://www.basicint.org/pubs/Papers/BP28.htm> (2 April 2004).

¹⁰³ Mroz, Marcin. “Program przebudowy i modernizacji technicznej Sił Zbrojnych Rzeczypospolitej w latach 2001-2006 w świetle informacji Rady Ministrów o jego realizacji w roku 2001.” Warszawa: Druk Sejmowy nr 100. 27 November 2001. p. 1.

instead of improving the operation of the public finance system they only made it excessively complicated and incoherent, which had a detrimental effect on its efficiency and transparency.”¹⁰⁴

For example, the budget bill was created almost without the supervision of the Prime Minister. Namely, he was not able to supervise the work on the budget bill, due to lack of a financial bureau in his office, until the last moment, when the Minister of Finance presented the budget to the Board of Ministers.

It is worth to remind the words of Hubert Izdebski, who indicates the absence of unity of the Government in the budget works: ‘the tasks and priorities are defined by the apparatus of the Ministry of Finance that creates the project independently, without proper consultations, and with its absence in the arbitration mode. The project reach the Board of Ministers so late, the Board is forced to accept it in a proposed version, with insignificant corrections. In result, it is quite possible (what happened in the end of 1992) that even the members of the Government call in question in Parliament some of the solutions of the budget bill’.¹⁰⁵

Fortunately, in 1997, the new Constitution was adopted. Chapter X of this Constitution “Public Finances,” obliged the Sejm to pass a new, comprehensive legal act regulating this area. As a result, on January 1, 1999, the Budget Law that had been effective since 1991, was replaced with the Public Finance Act of 26 November 1998.¹⁰⁶

This document defines in detail the procedure of working and endorsing the budget as well as the consequences of violating public finance discipline.

¹⁰⁴ Misiag, Wojciech and Niedzielski, Adam. “Openness and Transparency of Public Finance in Poland in the Light of International Monetary Fund Standards.” The Gdansk Institute for Market Economy. 2001. Internet. Online. Available <http://www.internationalbudget.org/resources/library/Poland.pdf> (28 March 2004).

¹⁰⁵ Ujazdowski, Kazimierz. “The Constitutional and Political Position of the Executive Power in Poland after 1989.” 1997. Online. Internet. Available <http://www.nato.int/acad/fellow/95-97/ujazdow.pdf> (4 January 2004).

¹⁰⁶ Misiag, Wojciech and Niedzielski, Adam. “Openness and Transparency of Public Finance in Poland in the Light of International Monetary Fund Standards.” The Gdansk Institute for Market Economy. 2001. Internet. Online. Available <http://www.internationalbudget.org/resources/library/Poland.pdf> (28 March 2004).

At the end of millennium, the system of legal acts regulating the budget of the Ministry of National Defense consisted of the Constitution of 1997, the Public Finance Act, the Programme for Integration with the North Atlantic Treaty Organization and Modernization of the Polish Armed Forces 1998-2012, and finally, Target Force Goals adopted by Poland in agreement with NATO.

When Poland joined NATO in March 1999, it was obliged to raise defense spending to 2.2 percent of the GDP and concentrate financial resources on investment rather than manpower and maintenance.¹⁰⁷ These guidelines played an important role in shaping a new plan for the development of the armed forces.

As a result, after two years of planning at the General Staff, the Programme of Restructuring and Technical Modernization of the Armed Forces of the Republic of Poland for 2001-2006 was launched. The chief of the General Staff, Gen. Czeslaw Piatas, said that this programme initiated “the most profound and probably most rapid military restructuring among the allied countries.”¹⁰⁸

However, the most important fact that makes this plan credible and workable was that the Government decided to guarantee stable defense spending in the form of a law. On 25 May 2001, the “Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001-2006” was passed by the Sejm. This law required that 1.95 percent of GDP be provided for defense spending over the next six years. Moreover, in the case of recession, minimum levels of expenditures were established for particular years. (Table 3)

¹⁰⁷ “NATO Integration a Long-Term Task: Eastern Europe: Defense Reforms.” November 2000. Online. Internet. Available <http://proquest.umi.com/pqdweb?index=7&did=000000568016991&SrchMode=1&sid> (1 April 2004).

¹⁰⁸ Domisiewicz, Rafal. “Modernisation of the Armed Forces in Polish Foreign Policy.” 2002. Internet. Online. Available <http://www.sprwymiedzynarodowe.pl/yearbook/2002/druk/domisiewicz.html> (5 April 2004)

MoND Budget Expenditures

Year	2002	2003	2004	2005	2006
Amount in billion PLN	16.1	17	17.9	19	20.2
As a % of GDP	1.95	1.95	1.95	1.95	1.95

Table 3. Assumed Level of Spending over 2002-2006 According to The Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces.¹⁰⁹

After Poland's accession to NATO, the priority of army modernization was made clear as never before during the annual Polish Armed Forces Commanders' Conference on 11 December 2000. At this event, Prime Minister Jerzy Buzek and the Defense Minister, Bronislaw Komorowski, both formally indicated that "the FY01 budget will provide enough money as to start the official tender procedures for the multi-role fighter programme."¹¹⁰

However, the issue of a multi-role aircraft for the Air Force was beyond the scope of the Programme of Restructuring and Technical Modernization of the Armed Forces of the Republic of Poland for 2001-2006 and exceeded the possibilities of the defense budget. As a result, a separate parliamentary law for the aircraft acquisition programme, which approved a prospective transaction, was passed by the Sejm on 22 June 2001, i.e., the "Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft Act."¹¹¹ This law guaranteed financing for the transaction in years 2002-2010 from the

¹⁰⁹ Government of Poland. Law of 25 May 2001 on the Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006. 25 July 2001.

¹¹⁰ Luczak, Wojciech. "Poland Launches 6-Year Modernization Plan." February 2001. Internet. Online. Available <http://proquest.umi.com/pqdweb?index=18&did=000000072159751&SrchMode=1&sid> (5 April 2004).

¹¹¹ Originally, it obliged the Government to lease or purchase 16 used multi-role aircraft by the end of 2003, and purchase 44 new fighter jets by the end of 2006 (art. 2.2). This article was changed in December 2001. Namely, the decision was taken to acquire only 48 new multi-role aircraft.

state budget, on the condition that expenses would not exceed 0.5 per cent of GDP, whereas in 2011-2015, the expenditures would be determined as part of budget bills for particular years.¹¹²

However, it should be noted that the key to the successful modernization of the Polish Armed Forces, which paved the way for passing both the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 - 2006 and the Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft Act was a so-called “Offset Bill of September 1999.”¹¹³ This law on “certain compensation agreements concluded in connection with the agreements on supplies for defense and security purpose,”¹¹⁴ requires that every contract for military equipment and weapons supplied to Poland worth more than 5 million Euros (art. 2.1) must be matched by the supplier’s offset commitments amounting to not less than what is provided for by the basic agreement (art. 6.1).

The purpose of these regulations was to ensure that military and civilian industries in Poland would become a beneficiaries of the transaction and stimulate the Polish economy. For example, in 2001, “under the terms of supply of the Spanish transportation aircraft ‘CASA’, the Aeronautic Defense and Space Company (EADS) undertook to invest more than \$212 million in the Polish economy.”¹¹⁵

However, the issue regarding obligatory offsets has been controversial because the 1999 compensation law did not state clearly the Polish government’s preferences regarding allocations of “compensation agreements.”¹¹⁶ Having closed the tenders for multi-task aircraft, wheeled armored personnel carriers and anti-tank guided missiles in

¹¹² Government of Poland. Law of 22 June 2001 on Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft. Art. 3(2). 22 June 2001.

¹¹³ Government of Poland. Ustawa z dnia 10 września 1999 o niektórych umowach kompensacyjnych zawieranych w związku z umowami dostaw na potrzeby obronności i bezpieczeństwa państwa. 10 September 1999.

¹¹⁴ It is a direct translation of so-called “Offset Bill” of September 1999.

¹¹⁵ Domisiewicz, Rafał. “Modernisation of the Armed Forces in Polish Foreign Policy.” 2002. Internet. Online. Available <http://www.sprwymiedzynarodowe.pl/yearbook/2002/druk/domisiewicz.html> (5 April 2004).

¹¹⁶ Ibid.

2002, the Polish economy was about to be reinforced by several billion dollars. The allocation of the “compensation agreements” became a problem because the 1999 law indicated only that one-half of investments were to be directed to defense sectors whereas the other half will go to other branches of the economy without further specifications. Thus, the suppliers chose where to allocate the second half of the offset investments without the supervision of the Polish government.

Summing up, it is appropriate to quote Prime Minister Leszek Miller, who in his Sejm expose in October 2001, said

In spite of the poor condition of public finances, the restructuring and technical modernization of the armed forces will continue, guided by the aim of making the forces more mobile and ready to participate in the fight against terrorism. The program of developing arms and equipment will be implemented.¹¹⁷

Over the two years since his expose, the Polish armed forces are being modernized in accordance with the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006. (Table 4 and Figure 3)

Amount in million PLN (current prices)

Years	GDP	State Budget Expenditures	Part 29 -MoND Budget		As % of			
			Total	Section 752 "National Defense"	GDP		State Budget	
					Part 29	Section 752	Part 29	Section 752
1991	80,882.90	24,185.80	1,821.20	1,807.10	2.25%	2.23%	7.53%	7.47%
1992	114,944.20	38,189.00	2,564.40	2,536.50	2.23%	2.21%	6.72%	6.64%
1993	155,780.00	50,242.80	3,846.50	3,309.20	2.47%	2.12%	7.66%	6.59%
1994	210,407.30	68,865.00	5,117.00	4,127.50	2.43%	1.96%	7.43%	5.99%
1995	306,318.30	91,169.70	6,594.40	5,249.40	2.15%	1.71%	7.23%	5.76%
1996	385,449.10	108,661.30	8,313.20	6,003.30	2.16%	1.56%	7.65%	5.52%
1997	469,372.10	127,919.80	10,076.70	7,275.00	2.15%	1.55%	7.88%	5.69%
1998	550,405.60	139,751.50	11,686.90	8,358.70	2.12%	1.52%	8.36%	5.98%
1999	611,576.20	138,425.20	12,242.30	9,209.40	2.00%	1.51%	8.84%	6.65%
2000	685,000.00	151,154.90	13,149.40	9,832.50	1.92%	1.44%	8.71%	6.51%
2001	721,600.00	181,604.10	14,032.20	8,803.10	1.94%	1.22%	7.73%	4.85%
2002	742,500.00	185,101.60	14,590.50	9,333.60	1.97%	1.26%	7.88%	5.04%
2003**	784,100.00	194,411.70	15,323.00	10,227.20	1.95%	1.30%	7.88%	5.26%

* Section 752 "National Defense," see Chapter IV.B.1. for a detailed description.

** Source of the data for 2003, the Ministry of Finance of the Republic of Poland¹¹⁸

Table 4. MoND Budget Expenditures as a Share of GDP and of State Budget¹¹⁹

¹¹⁷ Domisiewicz, Rafal. “Modernisation of the Armed Forces in Polish Foreign Policy.” 2002. Internet. Online. Available <http://www.sprwymiedzynarodowe.pl/yearbook/2002/druk/domisiewicz.html> (5 April 2004).

¹¹⁸ Ministry of Finance. Department for State Security Funding. E-mail to the author from Szczepankiewicz, Marian. 7 April 2004.

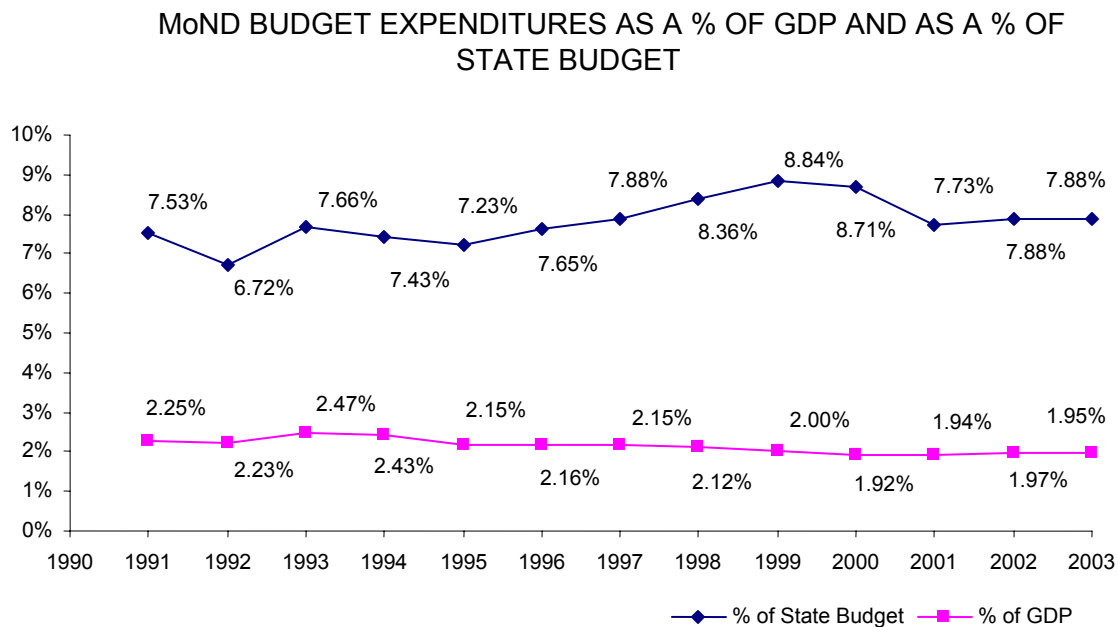


Figure 3. MoND Expenditures over the Years 1991-2003¹²⁰

E. CONCLUSIONS

The period between 1993 and 2003 witnessed significant institutional and constitutional changes in the process of creating a new democratic political culture in Poland. These changes proved more difficult than writing the new constitution. A consensus was reached between the right and left sides of the Parliament regarding Poland's external policies that remained steady. That consensus centered on integration with NATO and the European Union as priorities.

It should be noted, however, that process of budgeting in Poland between 1993 and 2001 was not transparent. There was a noticeable gap between the various governments' assurances to increase defense spending and the execution of that policy. For example, the Program for Integration with the North Atlantic Treaty Organization and Modernization of the Polish Armed Forces 1998-2012 was adopted by the

¹¹⁹ Ministry of National Defense. The Budget Department. The Basic Information on The MoND Budget for 2003. Warszawa: Departament Budżetowy MON, Departament Wychowania i Promocji Obronosci MON. 2003 p. 9.

¹²⁰ Ibid., p. 11.

government, but no funds were assigned to the MoND to fully implement it. Such inconsistencies in the government's activities created situation where defense budget expenditures were unpredictable even from one year to the next.

The situation changed in May 2001, when the government decided to guarantee defense spending in the form of a law. The Programme of Restructuring and Technical Modernization of the Armed Forces of the Republic of Poland for 2001-2006, in conjunction with the Financial Act,¹²¹ created "a modest but stable and guaranteed financial platform for the yearly allocations, irrespective of the government in power."¹²² However, it should be underlined that the system of public finance regarding national defense has not reached its final form; rather, it has a temporary character.

¹²¹ Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006.

¹²² Luczak, Wojciech. "Poland Launches 6-Year Modernization Plan." February 2001. Internet. Online. Available <http://proquest.umi.com/pqdweb?index=18&did=000000072159751&SrchMode=1&sid> (7 April 2004).

IV. GOVERNMENTAL STRUCTURE AND THE DEFENSE BUDGET PROCESS, 2003-2004.

A. INTRODUCTION

This chapter presents and analyzes the process of developing defense budgets in Poland in the years 2003-2004. In order to provide a clear picture of the budget cycle, this chapter is subdivided into three parts.

The first section provides an overview of the contemporary governmental system. The purpose of this part is to identify the role of the executive and legislature during the different stages of the budget process.

The second section focuses on defense budgetary procedures by level of development. Three subsections comprise this part. The first describes the creation of the defense budget in the MoND and portrays procedures within the government during this stage. The second subsection depicts the activities of the Parliament, while the third subsection describes the options given to the President as the process is completed.

Finally, the last part of this chapter concentrates on control over the execution of the defense budget once it has been approved by the Parliament and the President.

B. GOVERNMENTAL SYSTEM AND BUDGET PROCESS

Since 1991, Poland has had a hybrid presidential-parliamentary system based on the separation of powers. In accordance with the Constitution of April 2, 1997, there is a triple division of power in Poland.¹²³ With respect to legislative authority, the vital organs of state are the Sejm and the Senate of the Republic of Poland. Executive authority rests with the President and the Council of Ministers, and judicial authority is held by the courts and tribunals.¹²⁴

¹²³ The Constitution of 2 April 1997 took effect on 17 October 1997.

¹²⁴ Government of Poland. Constitution of the Republic of Poland. April 1997. Art. 10.

Relations between the Parliament, the President, and the government are based on “rationalized parliamentarianism.” Under this concept, the Sejm plays a primary role in the legislative process and in relations with the government if there is a stable majority in the Sejm. If not, the President gains greater influence over the legislative process and government.

This structure affects the a government is formed. Namely, the President appoints the Prime Minister (PM) within 14 days of the convocation of the Sejm after an election or following the resignation of his predecessor. The PM then has another 14 days to form a government and to obtain a vote of confidence from the Sejm through an absolute majority.¹²⁵ If he fails to do so, the Sejm has another 14 days to appoint its PM and, on the prime minister’s motion, the other members of the government. The President must accept them if a majority of the Sejm is in favor.

However, if neither of these procedures results in a government approved by the Sejm, the President has another opportunity to appoint the government, but this time the vote of confidence can be passed by a simple majority.¹²⁶ If this stage fails, the President calls for elections to form a new Sejm.¹²⁷

Once nominated and approved, the PM and the Council of Ministers become the dominant authority within the executive branch. This is confirmed by the 1997 Constitution through article 146. It states that the Council of Ministers shall conduct the internal affairs and foreign policy of the Republic of Poland, manage the government administration and conduct the affairs of State not reserved to other State organs or local self-governments. The Council also exercises real control over development and managing of Polish security policy even though the President is designated as the

¹²⁵ The number of affirmative votes must be greater by at least one than the total number of votes against and abstaining votes. The voting has to take place in the presence of at least half of the statutory number of deputies. The number of deputies taking part in the vote must be at least 230.

¹²⁶ The number of affirmative votes must be larger than the total number of votes against, the number of deputies abstaining from voting does not matter. The voting has to take place in the presence of at least half the statutory number of deputies. The number of deputies taking part in the vote must be at least 230.

¹²⁷ That is why the President can dismiss the government only if the deadlock arises from the absence of a Sejm majority.

“Supreme Commander of the Armed Forces of the Republic of Poland.¹²⁸ Article 134(2) of the Constitution states that the President “shall exercise command over the Armed Forces through the Minister of National Defense,” whereas article 134(6) gives the Council of Ministers and the Parliament the power to define the President’s functions as the Supreme Commander of the Armed Forces.¹²⁹

The members of the Council of Ministers are “collectively responsible and accountable to the Sejm for the activities of the Council” and are individually responsible to this body for “those matters falling within their competence or assigned to them by the Prime Minister.”¹³⁰ The Sejm’s activities are reviewed by the Senat, and scrutinized by the President. Finally, the Constitutional Tribunal examines the laws issued by the Sejm to ensure that they conform with the Constitution and ratified international agreements.

On the one hand, the structure for the exercise of executive power ensures that power is limited, controlled and coordinated in its employment. Taking into account the recent history of Poland, i.e., the Walensa Presidency, implementation of this structure was important to move towards stable democracy. On the other hand, the effectiveness of the executive branch has been reduced by instability within the political system and a wide range of interests in the Sejm. This is particularly the case in the implementation and realization of long-term programs. An excellent example of this problem is the process of State Budget development.

In general, the introduction of a draft budget is the sole right of the executive branch. The draft budget is submitted to the legislative branch for approval. Once approval has been granted, the budget statute returns to the executive branch for final approval and execution. Figure 4 captures the flow of budget events across institutions of the State, using the defense budget as an example.

¹²⁸ Government of Poland. Constitution of the Republic of Poland. April 1997. Art. 134(1).

¹²⁹ Ibid., Art. 134(6).

¹³⁰ Ibid., Art. 157(1,2).

General Overview

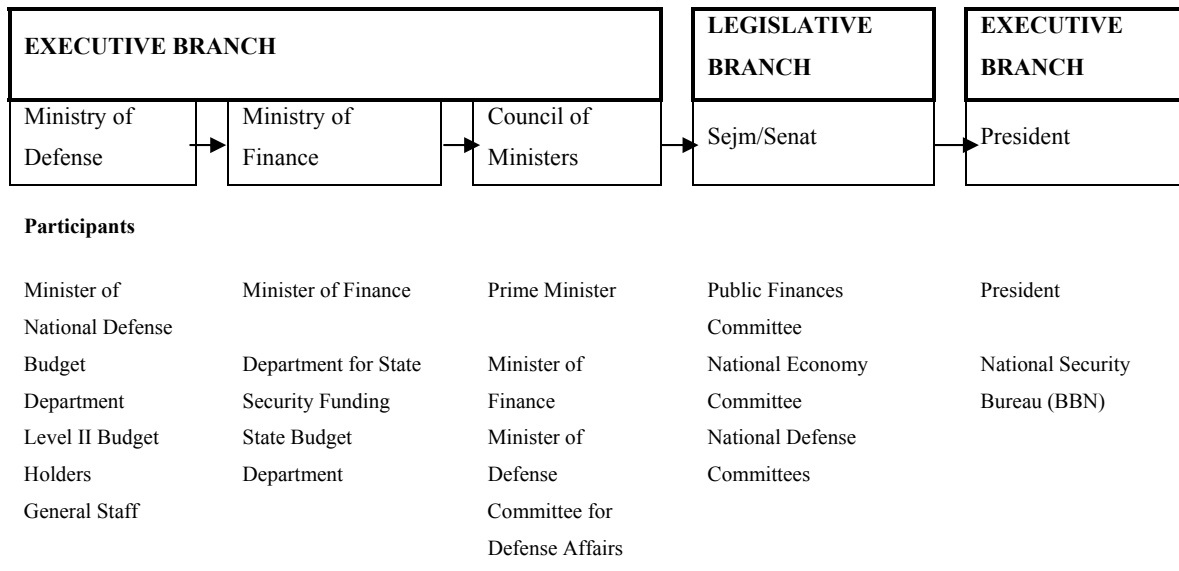


Figure 4. General Overview of the Defense Budgeting Process in Poland¹³¹

1. Development of the Defense Budget within the Ministry of Defense and Activities within the Government

Before examining the process of developing the defense budget within the Ministry of Defense, the structure of defense expenditures should be displayed and discussed.

The expenditures of the Ministry of National Defense are classified as “Part 29” of the State Budget. This part is further divided into 12 sections. They include, among others, these categories of expenditures:¹³²

- National Defense, called Section 752, is the primary and largest portion of the defense budget expenditures directly related to the financial needs of the Armed Forces. Expenditures are assigned for the Army, the Air Force, the Navy, Central Support, Liaison offices for NATO and military personnel in NATO, the Military Intelligence Service, Military Police, and Chaplain offices;

¹³¹ NPS Report. “Proposed Blueprint for Polish National Acquisition Strategy.” Naval Postgraduate School, Monterey California 2000, p. 40.

¹³² Ministry of National Defense. The Budget Department. The Basic Information on The MoND Budget for 2003. Warszawa: Departament Budżetowy MON, Departament Wychowania i Promocji Obronosci MON. 2003 p. 5.

- Social Security provides money for pensions and retirement benefits for retired professional soldiers;
- Public Administration covers the payrolls of the civilians employed in the Ministry of National Defense;
- Other sections (altogether around 10 percent of Part 29) cover housing, health care, higher education, schooling, protection of national heritage and cultural activities, social welfare, administration of justice and public prosecutor's offices and other social activities.

In order to provide a more complete picture of defense expenditures in Poland, Figure 5 displays the structure of Part 29 with the allocations to particular sections for the year 2003.

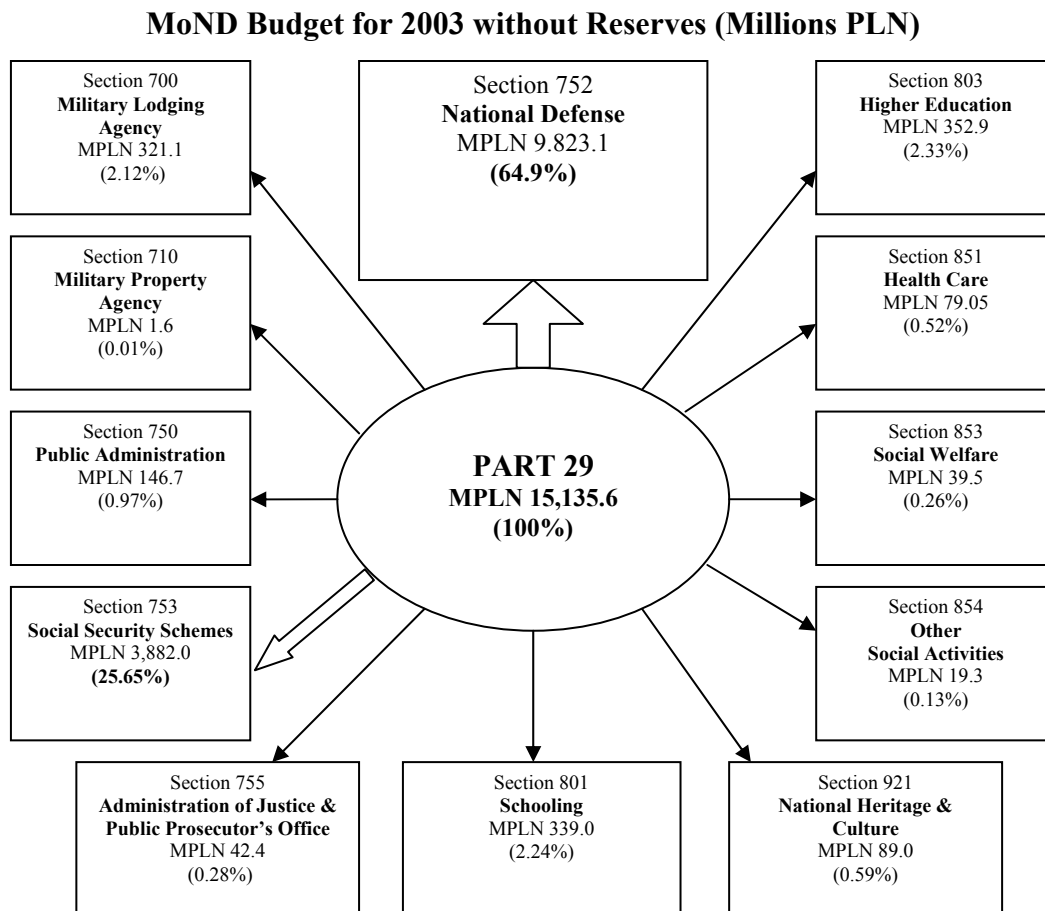


Figure 5. Structure of MoND Budget for 2003 in Sections¹³³

¹³³ Ibid., p. 5.

Keeping in mind the structure of the defense budget, identification of the most important budget actors within the MoND is appropriate. The most prominent players in the process of developing defense budgets are the Minister of National Defense, the Budget Department, the General Staff, the commanders of the three services, i.e., the Land Forces, the Air Forces and the Navy, and commanders of designated units and heads of the departments that report directly to the Minister of National Defense. These players comprise the MoND Budget Committee, chaired by the Minister of National Defense and supported by three Permanent Subcommittees. These Subcommittees are comprised mainly of representatives from the Armament Policy, Infrastructure, Budget and Supply Departments, and the General Staff.¹³⁴ The organization of the Permanent Subcommittees is as follows:¹³⁵

- The Permanent Subcommittee on R&D and Implementation, Armament, Military Equipment and Spare Parts Procurement and Maintenance is chaired by the Director of the Armament Policy Department.
- The Permanent Subcommittee on Construction Investment is chaired by the Director of the Infrastructure Department.
- The Permanent Subcommittee on Other Expenditures is chaired by the Deputy Director of the Budget Department.

Within the MoND, there are three levels of Budget Holders. The highest level is Level I, assigned to the Ministry of National Defense. Level II Budget Holders are the commanders of the three services and heads of departments that are directly subordinated to the Minister of National Defense. Level III Budget Holders are commanders of units that report directly to Level II Budget Holders.

The process of budget planning within the MoND begins in March. The Budget Department, together with the General Staff and Level II Budget Holders, prepare estimates for the funding requirements for the next fiscal year.¹³⁶ The estimates are based on the current year spending, adjusted for requirements of the next year expenditures.

¹³⁴ NPS Report. "Proposed Blueprint for Polish National Acquisition Strategy." Naval Postgraduate School, Monterey California, 2000, p. 42.

¹³⁵ Ibid., p. 42.

¹³⁶ In Poland the fiscal year starts on 1 January each year and ends on the last day of the calendar year.

These defense budget estimates reflect parliament and governmental regulations and international agreements. At the same time, the General Staff establishes military priorities for the next year.

In April, the Budget Department submits estimates of required defense expenditures for the next year to the Ministry of Finance in the form of the Material Plan. Additionally, a document called the “Guidance of the Minister of National Defense for the Defense Budget Planning” is issued in May.¹³⁷ The main purpose of this Guidance is to indicate the most important military goals and tasks for the following year. However, this document does not include estimates of the cost associated with the implementation of these goals. It serves rather as an outline of tasks perceived by the Ministry of National Defense as priorities. For example, the National Defense Priorities tasks for 2003 were:

- “Increase the pace of technical modernization of the Armed Forces connected with the implementation of ‘The Development Programme for the Polish Armed Forces over the years 2003-2008;
- Finance of tasks relating to the membership of NATO (Forces Goals agreed upon with NATO, Poland’s contribution to NATO Military Budgets and Agencies, NSIP...).”¹³⁸

In June, Level II Budget Holders submit their budget proposals to the Budget Department. These proposals are subsequently verified by the Permanent Subcommittees.

In July, the Ministry of Finance announces the spending limits assigned to the Ministry of National Defense. To date, these limits have always been lower than the needs of the budget holders requested in April.¹³⁹ However, the budget spending guidelines provided by the Ministry of Finance do not allocate resources by sections or services. They display only the upper limit of spending assigned to defense. Thus, the MoND has to adjust its budget plans to available resources and resubmit the updated version of the budget to the Ministry of Finance within 21 days. The Ministry of Finance

¹³⁷ Struczyk, Kondrad. An Analysis of the Problems and Prospects for Adopting a PPBS-Like System by the Polish Ministry of National Defense, Naval Postgraduate School, Monterey, California, 2002, p. 57.

¹³⁸ Ministry of National Defense. The Budget Department. The Basic Information on The MoND Budget for 2003. Warszawa: Departament Budżetowy MON, Departament Wychowania i Promocji Obronosci MON. 2003 p. 11.

¹³⁹ Ministry of Finance. Department for State Security Funding. E-mail to the author from Szczepankiewicz, Marian. April 2004.

is obliged to finalize and incorporate the revised defense budget within the State Budget by September. When this is accomplished, the State Budget is submitted by the Minister of Finance to the Council of Ministers for approval (Figure 6)

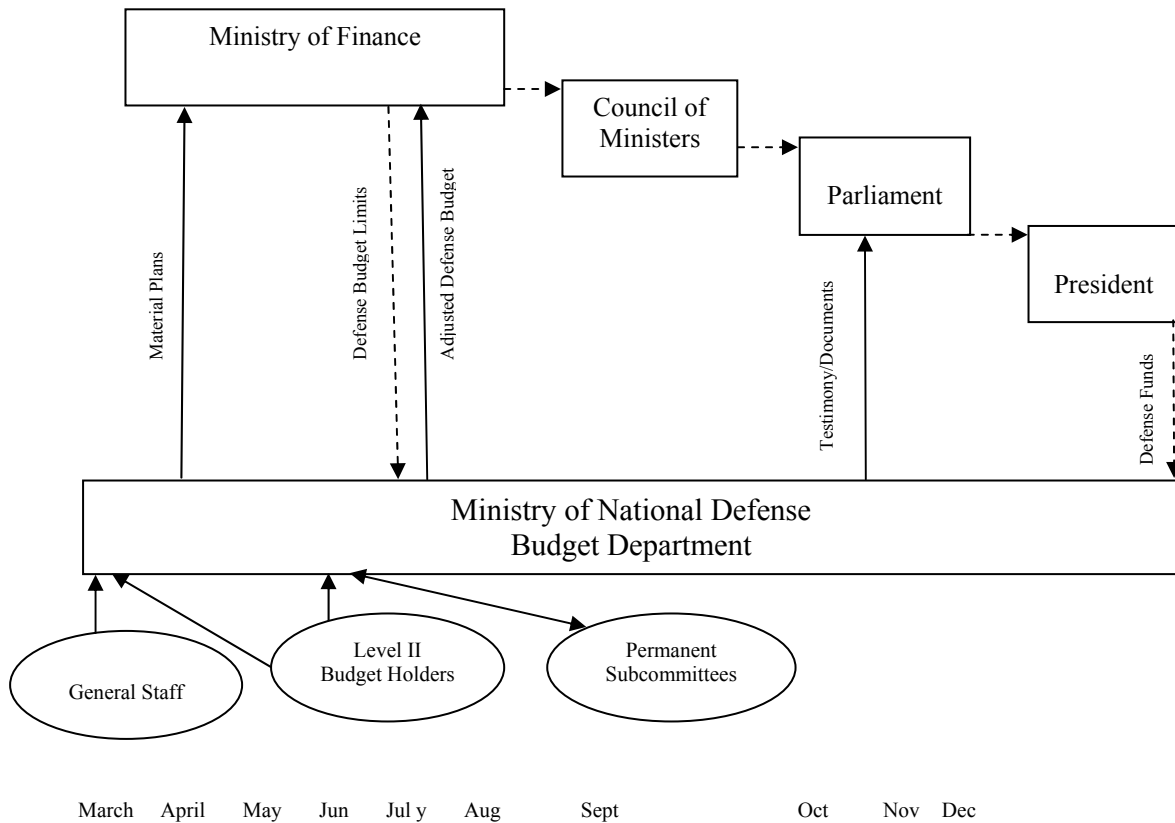


Figure 6. Defense Budgeting In Poland: Activities within the MoND

Once the State Budget has been submitted to the Council of Ministers, the Prime Minister must evaluate the proposed budget. In making a decision regarding the level of funding for defense, the Prime Minister cooperates with the Committee for Defense Affairs. This Committee is comprised of the Ministers of Finance, Communication, Education, Foreign Affairs, and is chaired by the Minister of National Defense. During evaluation of the defense budget, the Committee takes into consideration national security issues and other governmental priorities, as well as the impact of defense spending upon the economy.

Once an agreement within the Council of Ministers has been reached regarding the levels of spending assigned to particular sections of the State Budget, the Government submits the Budget to the Parliament for further consideration and approval.

2. Budgeting for Defense within the Parliament

The draft of the State Budget must be presented to the Sejm not later than three months before the beginning of the next fiscal year, i.e., before 1 October.¹⁴⁰ This draft contains a specification of revenues and expenditures of the State for a period of one fiscal year. The Budget identifies the most essential financial task of the State in a given year.¹⁴¹ The Sejm analyzes the budgets for all activities of the Polish government, including the Ministry of National Defense.

The State Budget is adopted by the Sejm in three readings. The first one takes place during a plenary sitting of this Chamber when the whole budget is presented.¹⁴² Afterwards, the entire draft is forwarded to the Public Finance Committee, while its respective parts are referred to other committees of the Sejm according to their specifications.¹⁴³ In the case of defense (Part 29), the budget is reviewed by the National Defense Committee. Subsequently, the committees submit their proposed amendments to the Public Finances Committee. The committees' amendments are presented by the representative of the Public Finance Committee on Second Reading when a full plenary debate and vote takes place.

¹⁴⁰ Government of Poland. Constitution of the Republic of Poland. April 1997. Art. 222.

¹⁴¹ Sejm of the Republic of Poland. "State Budget." Internet. Online. Available <http://www.sejm.gov.pl/english/prace/okno2.htm> (17 March 2004).

¹⁴² Ordinary bills are passed in three readings, the first may be taken in committee, except for bills dealing with the constitution, civil rights, budget and the organization of the state and elections.

¹⁴³ "According to the provisions of the rules of procedure (i.e., the *Standing Orders*) of the Sejm, the main function of the committees is to examine and prepare issues which are currently the object of parliamentary debates and to deliver opinions on matters which have been referred to them by the Sejm, the Marshal or the Presidium. Within the range determined by the Constitution and statutes, the committees also work as organs of parliamentary control." Currently there are 25 standing committees. Sejm of the Republic of Poland. Internet. "Committees." Internet. Online. Available <http://www.sejm.gov.pl/english/sejm/sejm.htm> (17 March 2004).

If the bill is non-controversial it can be passed immediately after that on Third Reading. Disputed bills are referred back to the committee and the amendments are then decided by vote on Third Reading.¹⁴⁴

The adopted statute is referred by the Marshal of the Sejm to the Senat. The Senat cannot reject the State Budget as a whole but can propose amendments within a 20-day time limit.¹⁴⁵ “The resolution of the Senat proposing amendments is deemed adopted if the Sejm does not reject it by an absolute majority of votes in the presence of at least half of the statutory number of Deputies.”¹⁴⁶ After completion of the procedure in the Parliament, the State Budget goes directly to the President for final approval and signature.

Table 5 is a display of activities within Parliament and the government with regard to defense budgets over the years 1996-2003. In this time frame, noticeable, activities of the Parliament concerning defense budgets were rather minor. Parliament changed the defense budget only two times during this period. In 2001, the Sejm changed the allocation of funds within the Defense Budget; however, it had no impact on the total amount. Two years later, in 2003, the Sejm decreased the defense budget by 5.7 MPLN or 0.04 percent.

¹⁴⁴ Sanford, George. *Democratic Government in Poland: Constitutional Politics Since 1989*, N.Y.: Palgrave Macmillan, 2002, p. 116.

¹⁴⁵ Government of Poland. *Constitution of the Republic of Poland*. April 1997. Art. 223.

¹⁴⁶ Sejm of the Republic of Poland. “State Budget.” Internet. Online. Available <http://www.sejm.gov.pl/english/prace/okno2.htm> (17 March 2004).

The Defense Budget 1996-2003 Amount in MPLN (current prices)

Year	Limits imposed on the Defense Budget by the Ministry of Finance	Parliamentary amendments	Budget Act Part 29	Changes to the Defense Budget within the year	Execution
1996	8,162.5	-	8,162.5	Higher realization due to use of the reserve funds in order to fund an increase in salaries.	8,313.2
1997	10,041.2	-	10,041.2	Higher realization due to use of the reserve funds in order to pay reparations to victims of Stalin's regime.	10,076.2
1998	11,577.1	-	11,577.1	Higher realization due to use of the reserve funds in order to pay reparations to victims of Stalin's regime and an increase in salaries.	11,686.9
1999	12,600.0	-	12,600.0	The Defense Budget was under-funded due to the shortage of funds in the State Budget (revenue was less than predicted).	12,242.3*
2000	13,772.9	-	13,772.9	The Defense Budget was under-funded due to the shortage of funds in the State Budget (revenue was less than predicted).	13,149.4*
2001	15,182.7	The Sejm changed the allocation of funds within the Defense Budget. However, it had no impact on the total amount.	15,182.7	The Council of Ministers issued an executive regulation on 23 October 2001 that reduced defense spending by 951.5 MPLN. ¹⁴⁷ Additionally, the Defense Budget was under-funded due to the shortage of funds in the State Budget (revenue was less than predicted).	14,032.2*
2002	14,264.0	-	14,264.0	The Defense Budget was increased to support Afghanistan commitments and armaments' procurement.	14,590.5
2003	15,332.9	The Sejm decreased the Defense Budget by 5.7 MPLN.	15,327.2	5% state tax was imposed on the special funds of the Ministry of Defense. (See Chapter V).	15,323.0*

* The execution of the defense budget was less than amount depicted in the Budget Act.

Table 5. The Evolution of Defense Budgets, 1996-2003¹⁴⁸

3. The Presidency and the Defense Budget

The State Budget is submitted to the President by the Marshal of the Sejm. The President must sign the Budget within seven days and order its promulgation in the Journal of Laws of the Republic of Poland.¹⁴⁹ However, if the President has objections with regard to the Budget, he may refer it to the “Constitutional Tribunal for an

¹⁴⁷ The Act of 26 November 1998 on Public Finance, 26 November 1998, Section III, Chapter 3, Art. 101(2) provides that a “decision on blocking expenditures shall be taken by the Council of Ministers by a regulation, after obtaining a positive opinion in this matter from the Sejm committee competent for budget matters.”

¹⁴⁸ Ministry of Finance. Department for State Security Funding. E-mail to the author from Szczepankiewicz, Marian. April 2004.

¹⁴⁹ Government of Poland. Constitution of the Republic of Poland. April 1997. Art. 224(1). A law comes into effect on publication, after presidential signature, in the official Bulletin of Laws (Dziennik Ustaw).

adjudication upon its conformity to the Constitution.”¹⁵⁰ He may not refer the Budget to the Sejm. In other words, the President is not able to exercise a legislative veto over the Budget.¹⁵¹

The Tribunal has to reply within a period of two months. If this body confirms that the Budget violates some constitutional rules, the President cannot sign it until the inconsistencies between the Budget and the Constitution have been removed. However, if the Tribunal does not find a constitutional problem with the bill, the President is obliged to sign it.

As can be seen from the above, the Sejm can play a primary role in the legislative process of the State Budget. However, “if, after 4 months from the day of submission of a draft Budget to the Sejm, it has not been adopted or presented to the President of the Republic for signature, the President of the Republic may, within the following 14 days, order the shortening of the Sejm’s term of office.”¹⁵²

C. CONTROL OVER THE EXECUTION OF THE DEFENSE BUDGET

The Ministry of National Defense must present to the Minister of Finance a detailed plan of income and expenditure for defense, called the “execution plan,” within 21 days of promulgation of the Budgetary Act.¹⁵³ This plan is a detailed description of all financial activities within the MoND for a given fiscal year.¹⁵⁴ Once accepted by the Minister of Finance, this plan becomes a timetable for the execution of the defense budget.

The execution of the State Budget is directed by the Council of Ministers, led by the Minister of Finance, who has general control over the execution of the State

¹⁵⁰ Sejm of the Republic of Poland. “State Budget.” Internet. Online. Available <http://www.sejm.gov.pl/english/prace/okno2.htm> (17 March 2004).

¹⁵¹ Ibid.

¹⁵² Government of Poland. Constitution of the Republic of Poland. April 1997. Art. 225.

¹⁵³ Budgetary Act promulgation refers to the day when the Act was published in the Official Bulletin of Laws (Dziennik Ustaw).

¹⁵⁴ Government of Poland. Act of 26 November 1998 on Public Finance. 26 November 1998. Section III, Chapter 3, Art. 89 (1-2).

Budget.¹⁵⁵ The defense budget is supervised in detail by the Minister of National Defense, who is supported by the MoND Budget Committee, the Budget Department, and the Control Department.¹⁵⁶ The Minister controls the process of execution of financial resources as well as punctuality of income collection via the Level II Budget Holders.

The execution of the State Budget is simultaneously supervised by the Sejm.¹⁵⁷ The Act of Public Finances obliges the Minister of Finance to provide a report regarding the execution of the State Budget for the first half-year to the Public Finance Committee and the Supreme Chamber of Control (NIK) by 10 September of that year.¹⁵⁸ Furthermore, the Council of Ministers is committed to present to the Sejm and to the NIK¹⁵⁹ an annual report on execution of the State Budget by 31 May of the year following the end of the budgetary year.¹⁶⁰ Within 90 days of receipt of this report, the Sejm “shall pass a resolution on whether to grant or refuse to grant approval of the financial accounts submitted by the Council of Ministers.”¹⁶¹

The execution of military expenditures is also subject to other controls. For example, deputies can direct to the Minister of National Defense interpellations and questions concerning execution of the budget at any given time, and citizens can question the effectiveness of the Armed Forces by using the mass media.

¹⁵⁵ Ibid., Art. 91 (1-2).

¹⁵⁶ Struczyk, Konrad. An Analysis of the Problems and Prospects for Adopting a PPBS-Like System by the Polish Ministry of National Defense, Naval Postgraduate School, Monterey California, 2001, p. 71.

¹⁵⁷ Government of Poland. Act of 26 November 1998 on Public Finance. 26 November 1998. Section III, Chapter 3, Art. 103(1).

¹⁵⁸ Ibid., Art. 104.

¹⁵⁹ The Supreme Chamber of Control (NIK) is established under the Constitution of April 1997, in the Act on the NIK. The NIK is obliged to submit to the Parliament the annual report on its activity and its major audit reports. In the Parliament, there is the standing Commission of State Audit watching the NIK's work. The NIK audits local government from the point of view of legality, economic prudence and diligence; businesses making use of public resources from the point of view of legality and diligence; other units (incl. the government) from the point of view of legality, economic prudence, efficacy and diligence. “Supreme Chamber of Control - The NIK Poland.” Internet. Online. Available http://www.nao.org.uk/intosai/edp/mandates_nov2002/writeups/poland.htm (13 June 2004).

¹⁶⁰ Ibid., Art. 103(2).

¹⁶¹ Government of Poland. Constitution of the Republic of Poland. April 1997. Art. 226(2).

D. CONCLUSION

In summary, there is a triple division of power in Poland. Legislative power is kept by the Sejm and the Senat of the Republic of Poland. Executive power resides with the President and the Council of Ministers, while judicial authority is held by the courts and tribunals. Each of these divisions is involved in the process of the development of defense budgets as a part of the State Budget, although their roles are quite distinct.

The Council of Ministers is responsible for the introduction of a draft budget. Once a budget has been drafted, it has to be approved by the Parliament. The legislature decides whether governmental proposals for expenditures and revenues should be approved, amended, or rejected. Once parliamentary approval has been granted, the President must sign the Budget within seven days unless he has objections with regard to conformity of the budget to the Constitution. If happens, the Constitutional Tribunal scrutinizes the Budget and adjudicates its conformity to the Constitution. If the Tribunal confirms that the Budget violates some constitutional rules, the Sejm must remove the inconsistencies between the Budget and the Constitution before it can be signed by the President.

The Parliament of the Republic of Poland has played a minor role in the process of shaping the defense spending since 1996. The Sejm and the Senat used their constitutional power to change governmental proposals regarding defense spending only two times between 1996 and 2003. Moreover, these changes were not significant.

V. THE LAW ON RESTRUCTURING, TECHNICAL MODERNIZATION AND FINANCING OF THE POLISH ARMED FORCES IN THE YEARS 2001 – 2006, AND THE ACT OF EQUIPPING THE ARMED FORCES OF THE REPUBLIC OF POLAND WITH MULTI-ROLE AIRCRAFT

A. INTRODUCTION

The system of legal acts regulating the process of budgeting for defense in Poland in 2004 consists of five documents. The first is the Constitution of 1997, which defines the general principles of the budget, sets limit to national public debt at 60 percent of the GDP, and outlines the procedure for the planning of the State Budget.¹⁶² The specific procedure for developing and approving the defense budget is defined in the Public Finance Act of 26 November 1998. The third document is the “Offset Bill of September 1999” that mandates certain compensation agreements concluded in connection with the agreements on supplies for defense and security purpose. The foundation of planning for the budget of the Ministry of National Defense is the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces of the Republic of Poland in the years 2001 – 2006.¹⁶³ The fifth document that shapes the defense spending is the Act of Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft approved by the Sejm on 22 June 2001.

This chapter, however, does not analyze all these documents. Rather, it provides a detailed description of rules imposed by the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the years 2001 – 2006, and the Act of Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft. These two documents are the most important from the defense perspective. The rules imposed by these two documents shaped defense spending in Poland in the years 2001-2003, and will have great impact on future decisions concerning the defense budgets in years to come.

¹⁶² Ibid., Chapter X, Art. 216-227.

¹⁶³ “The Programme of Restructuring and Modernisation of the Polish Armed Forces 2001 -2006.”

The last part of this chapter displays Poland's expenditures in comparison with the other European NATO states in 1999 and 2004, giving an indication of the effect of recent laws.

B. MODERNIZATION OF THE ARMED FORCES IN POLAND SINCE 2001

The Programme of Restructuring and Modernization of the Polish Armed Forces 2001-2006 first emerged at the end of 2000. It was adopted by the Council of Ministers one month later, on 30 January 2001.¹⁶⁴ As a consequence of a lesson learned from the experience of "Military 2012,"¹⁶⁵ the government decided to guarantee financial support for its realization. This took the form of the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001-2006, adopted by the Sejm on 25 May 2001.¹⁶⁶

Responsibility for the realization of this program was assigned to the Minister of National Defense (art. 5.1), while the Council of Ministers was to supervise the course of its implementation (art. 5.4).¹⁶⁷ Moreover, the Council of Ministers is obliged to present annual reports regarding the execution of this program to the Sejm.¹⁶⁸

The main purpose of this program is to bring one-third of the Polish armed forces up to NATO standards with regard to armaments, equipment, mobility and the ability to operate in complex missions beyond Polish territory by 2006.¹⁶⁹ This is the equivalent of

¹⁶⁴ Mroz, Marcin. "Program przebudowy i modernizacji technicznej Sił Zbrojnych Rzeczypospolitej w latach 2001-2006 w świetle informacji Rady Ministrów o jego realizacji w roku 2001." Warszawa: Druk Sejmowy nr 100. 27 November 2001. p. 3.

¹⁶⁵ Program of Integration with the North Atlantic Treaty Organization and Modernization of the Polish Armed Forces 1998-2012. This program was approved, but no funds for its implementation were assigned.

¹⁶⁶ Domisiewicz, Rafał. "Modernisation of the Armed Forces in Polish Foreign Policy." 2002. Internet. Online. Available <http://www.sprwymiedzynarodowe.pl/yearbook/2002/druk/domisiewicz.html> (5 April 2004).

¹⁶⁷ Government of Poland. Law of 25 May 2001 on the Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006. 25 July 2001.

¹⁶⁸ Ibid., Art. 5(4).

¹⁶⁹ Ibid., Art 1(2).

11 combat units of the brigade-regiment type, 15 combat units of the battalion type, two units of the company type, five tactical air squadrons, 22 air-defense missile divisions, seven air bases, three radio-electronics units, 35 ships and two naval air squadrons.¹⁷⁰

Moreover, the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001-2006 imposed the withdrawal of “obsolete equipment” from the armed forces, as well as transfer of useless military properties to the Military Property Agency (Agencji Mienia Wojskowego).¹⁷¹ This agency is responsible for selling or the profitable utilization of the transferred properties. It is also obliged, by the same law, to assign no less than 93 percent of its profit to the plan for the development of the Polish armed forces.¹⁷²

Other sources of financing for the of modernization of the Polish armed forces are identified in article 6 of the Law of 25 May 2001.¹⁷³ This provision states that required resources for implementation of the Programme of Restructuring and Modernization of the Polish Armed Forces will come from the State Budget, cash inflows generated from technical services provided by soldiers, income obtained from foreign armies leasing Polish ranges, as well as from privatization of the defense industry.¹⁷⁴ Moreover, article 6.2 allows use of donations given to the Ministry of National Defense for the purpose of implementing the program of modernization of the Polish armed forces.

It should be noted that the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces requires that no less than 1.95 percent of GDP be provided for defense spending by the State Budget, regardless of the income obtained

¹⁷⁰ Komorowski, Bronislaw. “Reforming Poland’s military.” August 2001. Internet. Online. Available <http://www.nato.int/docu/review/2001/0102-08.htm> (20 April 2004).

¹⁷¹ Government of Poland. Law of 25 May 2001 on the Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006. 25 July 2001. Art 2 (8, 9).

¹⁷² Ibid., Art 8.

¹⁷³ Law on the Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006.

¹⁷⁴ Cash inflows generated from technical services provided by soldiers, income obtained from foreign armies for leasing Polish ranges, and funds transferred from the Military Property Agency are considered “special funds.” Since 2003, a five percent tax was imposed on these funds in order to increase the State Budget revenue.

from other sources (identified above) in the years 2001-2006. In case of a recession, minimum levels of expenditures were established, from BPLN16.1 in 2002 to BPLN 20.2 in 2006.¹⁷⁵ (Table 3)

The Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces also envisaged a reduction in the number of Polish troops, from approximately 180,000 in 2001 to 150,000 soldiers by the end of 2003, of whom 75,000 will be professionals including no more than 25,000 officers.¹⁷⁶

To achieve the changes described above, the ratio of expenditures on arms and equipment to total defense spending was supposed to increase from around 8.3 percent in 2000 to 23 percent in 2006.¹⁷⁷ This forecast and the fact that defense budgets for the years 2001-2006 were established at the constant level of 1.95 of the GDP provided the fiscal basis for the long-term plans regarding purchases of weapons and equipment. According to these plans, the Polish armed forces planned the acquisition of, inter alia, 120 wheeled armored personnel carriers, 78 tanks and six ships.¹⁷⁸

Moreover, almost at the same time, the multi-role fighter acquisition program was launched under a separate law. The Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft Act was passed by the Sejm on 22 June 2001. According to its guidelines, the Polish Air Forces would lease or purchase 16 used multi-role aircraft by the end of 2003, and purchase 44 new fighter jets by the end of 2006.¹⁷⁹ This law

¹⁷⁵ This statement was withdrawn from article 7(1) of the Law on the Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006 by the Sejm on 30 October 2002.

¹⁷⁶ Government of Poland. Law of 25 May 2001 on the Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006. 25 July 2001. Art 3 (1).

¹⁷⁷ Domisiewicz, Rafał. "Modernisation of the Armed Forces in Polish Foreign Policy." 2002. Internet. Online. Available <http://www.sprwymiedzynarodowe.pl/yearbook/2002/druk/domisiewicz.html> (5 April 2004).

¹⁷⁸ Ibid.

¹⁷⁹ Government of Poland. Law of 22 June 2001 on Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft. 22 June 2001. Art. 2(2).

guaranteed financing for this transaction in the years 2002-2010 from the state budget, on the condition that expenses would not exceed 0.5 percent of GDP. After that time, further financial obligations for new jets would come from defense expenditures.¹⁸⁰

The adoption of the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001-2006, followed by the Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft Act, for the first time opened up an opportunity to create a modern and strong military in Poland. However, three months later, on 23 October 2001, the program of armed forces modernization was undermined by the decision of the Council of Ministers to reduce defense spending by PLN 951.5 million (6.27 percent of the defense budget for 2001) due to economic difficulties in Poland.¹⁸¹ Moreover, the defense budget was further reduced later, and by the end of year, the military sector was under funded by PLN 1150.5 million (7.58 percent of the defense budget for 2001).¹⁸² The result of these reductions was that the implementation of the program of armed forces modernization was postponed.

This fact led to a debate in the Sejm over the Programme of Restructuring and Modernisation of the Polish Armed Forces 2001 -2006. As a result of this debate, the law “was adjusted” to the altered situation. Specifically, on 30 October 2002, the Sejm passed amendments to the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006 in order to adapt it to the real financial capacity of the state.

First, minimum levels for defense expenditures for the years 2002-2006, which had been established to secure defense spending in the case of a recession, were canceled.¹⁸³ Secondly, the ratio of spending for expenditures on arms and equipment to total defense spending was reduced from 19 to 13.3 percent in 2003 and from 23 to 20

¹⁸⁰ Ibid., Art. 3(1, 2).

¹⁸¹ Government of Poland. Journal of Laws of the Republic of Poland (Dziennik Ustaw). 23 October 2001. Nr. 125. Poz. 1373.

¹⁸² See Chapter IV. Table 5.

¹⁸³ Government of Poland. Law of 25 May 2001 on the Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001 -2006. 25 July 2001. Art 7(1). See Chapter III. Table 4.

percent in 2006.¹⁸⁴ Finally, article 7(2) states that the assigned 1.95 of GDP for defense includes not only spending within Part 29 “National Defense,”¹⁸⁵ but also all expenditures related to the defense sector financed by other parts of the State Budget. These amendments took effect on 1 January 2003.

The Defense Minister, Jerzy Szmajdzinski, responded by presenting a modernization programme for the Polish armed forces for the years 2003-2008 to the President and PM on 20 January 2002.¹⁸⁶ This program is a continuation of the strategic assumptions included in the plan for the years 2001-2006.

That is why the implementation of the program of the development of the Polish armed forces in the year 2001-2006 was significantly slowed down. However, the Minister of National Defense has been able to realize some elements of the six-year plan.

Firstly, 620 units were disbanded; 155 new units were constituted; 52 garrisons were closed; and about 40 percent of the military infrastructure has been given to the Military Property Agency for selling or profitable utilization.¹⁸⁷ Secondly, the manpower of the Polish armed forces has been reduced, numbering 147,841 (28,234 officers) by 30 April 2004.¹⁸⁸ Thirdly, some units that have achieved NATO standards, have been made available to the NATO Response Force, including two light battalions, one special operation company, one engineering company and one NBC company.¹⁸⁹ Table 6 displays the status of the Polish armed forces regarding NATO standards at the end of 2003.

¹⁸⁴ Ibid., Art. 7(3).

¹⁸⁵ See Chapter IV. Figure 5.

¹⁸⁶ Embassy of the Republic of Poland in Washington, D.C. “Army Modernisation Programme to Be Presented to President and PM.” Internet. Online. Available http://www.polandembassy.org/News/Biuletyny_news/p2003-01-20.htm (20 May 2004).

¹⁸⁷ Defense and Security Sub-Committee on Future Security and Defense Capabilities. “16-19 June 2003 Visit to Poland and Lithuania.” Internet. Online. Available <http://www.nato-pa.int/default.asp?TAB=396> (15 February 2004).

¹⁸⁸ Ministry of National Defense. “Kadry.” Internet. Online. Available <http://www.wp.mil.pl/start.php?page=1010701000> (15 May 2004).

¹⁸⁹ Defense and Security Sub-Committee on Future Security and Defense Capabilities. “16-19 June 2003 Visit to Poland and Lithuania.” Internet. Online. Available <http://www.nato-pa.int/default.asp?TAB=396> (15 February 2004).

Type	Required by 2006	Status in 2003	Description
Combat units of the brigade-regiment	11	2	10 th Armored Cavalry Brigade, 10 th Logistical Brigade
Combat units of the battalion	15	2	16 th Battalion, 18 th Airborne Battalion
Units of the company	2	-	
Tactical air squadrons	5	3	1 st Tactical Air Squadron, 7 th Tactical Air Squadron, 40 th Tactical Air Squadron
Air-defense missile divisions	22	1	4 th Anti-aircraft Regiment
Air bases	7	-	
Radio-electronics units	3	-	
Naval air squadrons	2	-	
Ships	35	8	The submarine ORP "Orzel," the corvette ORP "Kaszub," 3 rocket-carriers of the 3rd Flotilla, a mine-transporter of the 8th Flotilla, the minesweeper ORP "Mewa," and the salvage ship ORP "Piast"

Table 6. Polish Military Units Within NATO, 2003¹⁹⁰

Moreover, on 28 August 2001, the Ministry of National Defense signed a contract to supply eight Spanish EADS/CASA medium-range transport aircraft to the Polish Air Force over the years 2003-2005.¹⁹¹ Poland is also in the process of acquiring approximately 700 new armored personnel carriers, 48 F-16 fighter aircraft,¹⁹² and eight C-130 transport aircraft.¹⁹³

C. POLAND'S BUDGET EXPENDITURES IN COMPARISON WITH THE OTHER EUROPEAN STATES OF NATO

This section provides an overview of defense spending by European members of NATO. This information is provided to allow a comparison of Poland's willingness to

¹⁹⁰ Ministry of National Defense. "Poland in NATO." Internet. Online. Available <http://www.wp.mil.pl/start/php?page=1010500001> (15 May 2004).

¹⁹¹ Domisiewicz, Rafal. "Modernisation of the Armed Forces in Polish Foreign Policy." 2002. Internet. Online. Available <http://www.sprwymiedzynarodowe.pl/yearbook/2002/druk/domisiewicz.html> (5 April 2004).

¹⁹² The acquisition of F-16 is under the program of The Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft Act.

¹⁹³ Defense and Security Sub-Committee on Future Security and Defense Capabilities. "16-19 June 2003 Visit to Poland and Lithuania." Internet. Online. Available <http://www.nato-pa.int/default.asp?TAB=396> (15 February 2004).

commit resources to the common defense of other NATO members. Firstly, defense spending as a percentage of the GDP over the years 1999 and 2002 is discussed, followed by an analysis of defense expenditures per capita in 2004.

Defense spending as a percentage of the GDP measures the portion of a country's overall economy that is devoted to defense. It indicates the burden that defense places on the economy of each country, automatically adjusting for differences in national income.¹⁹⁴ Therefore, it is "the most comprehensive indicator of defense effort (defense spending) and the most comprehensive indicator of ability to contribute (GDP)."¹⁹⁵ Figure 7 indicates these numbers for selected European members of NATO in the years 1999 and 2002.

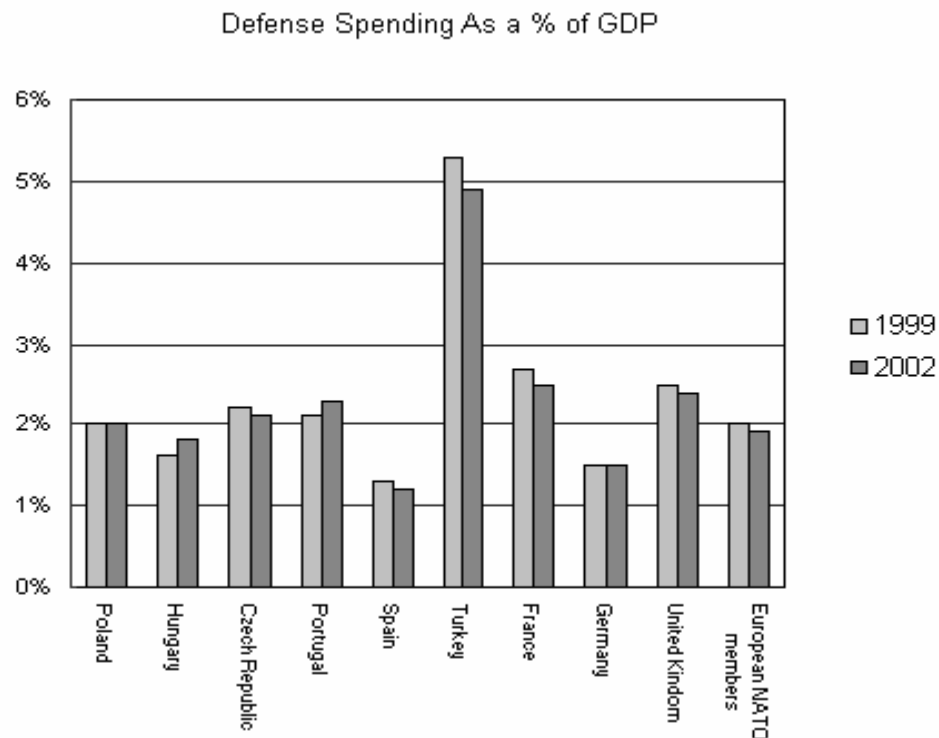


Figure 7. Defense Spending as a Percentage of GDP in the Years 1999 and 2002¹⁹⁶

¹⁹⁴ United States. Congressional Budget Office Paper. NATO Burdensharing After Enlargement. August 2001. p. 2.

¹⁹⁵ "Allied Contributions to the Common Defense 2003." Internet. Online. Available http://www.defenselink.mil/pubs/allied_contrib2003/Allied2003_Chap_2.html (20 May 2004).

¹⁹⁶ Ibid.

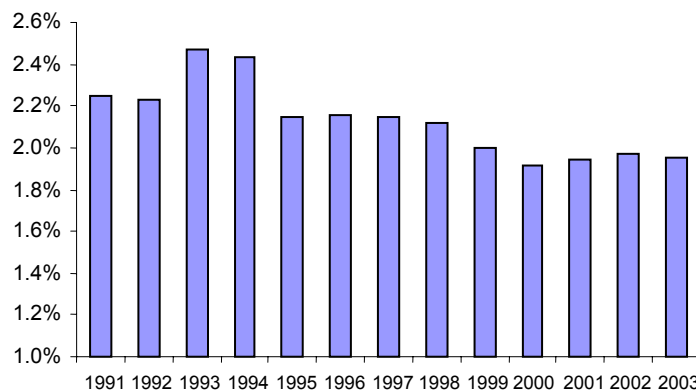


Figure 8. Defense Spending in Poland as a Percentage of GDP¹⁹⁷

Taking a closer look at the defense spending expressed as a share of the GDP in Poland, it is noticed that the burden that defense placed on the economy fell from 2.25 percent in 1991 to 1.95 percent in 2003.¹⁹⁸ (Figure 8)

NATO requires that members not only raise defense spending to 2.2 percent of the GDP but also to concentrate financial resources on investment rather than manpower and maintenance.¹⁹⁹ In spite of fact that defense spending in Poland fell as a percentage of GDP, the ratio of expenditures on arms and equipment to total defense spending increased from less than 10 percent in 2001 to 13.3 percent in 2003.²⁰⁰ Furthermore, spending on equipment for the armed forces in 2004 probably will exceed PLN 2.9 billion (16.2 percent), followed by a further increase to 20 percent in 2006.²⁰¹

¹⁹⁷ Ministry of National Defense. The Budget Department. The Basic Information on The MoND Budget for 2003. Warszawa: Departament Budżetowy MON, Departament Wychowania i Promocji Obronosci MON. 2003, p. 9.

¹⁹⁸ Ibid.

¹⁹⁹ "NATO Integration a Long-Term Task: Eastern Europe: Defense Reforms." Proquest. Online. Available <http://proquest.uni.com/pqdweb?index=7&did=000000568016991&SrchMode> (1 April 2004).

²⁰⁰ Ministry of National Defense. The Budget Department. "Podstawowe Informacje o budziecie MON na rok 2004." Internet. Online. Available <http://www.mil.pl> (20 May 2004).

²⁰¹ Ibid.

Per capita defense spending is another measurement of a country's willingness to commit resources to the common defense. It indicates how much a country devotes to defense relative to the size of its population. Figure 9 displays Poland's budget expenditures in comparison with the other European NATO states for 2004.

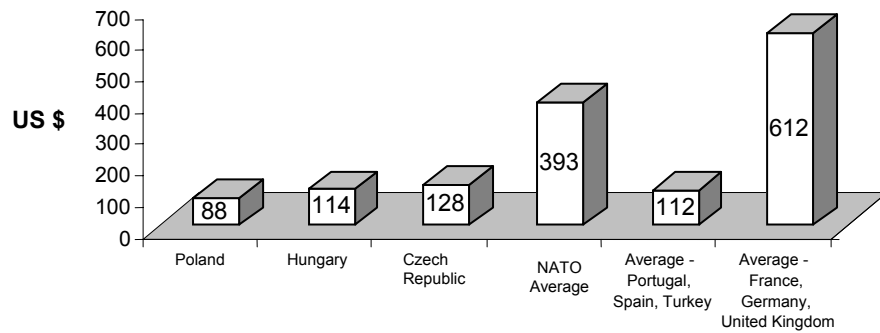


Figure 9. Poland's Per Capita Defense Expenditures in Comparison with Other European States of NATO in 2004 (constant 1995 prices)²⁰²

Before analyzing the data provided by the Figure 9, it must be noted that the purchasing power of the Polish zloty (PLN) has significantly changed since 1995. After taking these changes into consideration, Polish defense spending per capita would translate into a higher figure, amounting to approximately 170 US dollars.²⁰³ Nevertheless, even this figure is not comparable to the NATO average.

However, other measurements of a country's contribution to European security may be relevant, e.g., contribution to rapid reaction forces designed for "out-of-area" missions, participation in peacekeeping missions or in observer missions. Measured by these standards, Poland is an active contributor. For example, in 2002, 1,575 Polish military and civilian personnel were deployed in 15 peacekeeping operations and

²⁰² Ibid.

²⁰³ Ibid.

observation missions. In 2004, Poland is participating in UNDOF (Syria), UNIFIL (Libya), SFOR (Bosnia), KFOR (Kosovo), “Enduring Freedom” (Afghanistan), and “Iraq Freedom” (Iraq), with a total of 4,019 people involved.²⁰⁴

D. CONCLUSION

The Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001-2006 and the Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft aim for achievement of full interoperability with NATO by one-third of the Polish armed forces. These laws provided the opportunity to create a modern and strong military in Poland for the first time since the collapse of communism in 1989. Once fully implemented, they will provide a foundation for Polish cooperation with allied forces both within the boundaries of Poland and beyond.

To conclude, the efforts that Poland made in order to improve the state of the Polish armed forces as well as the contribution of these forces to peacekeeping and military action indicate that Poland is determined to be not a security consumer but a security provider. As noted by the NATO Secretary General, Jaap de Hoop Scheffer during his visit to Poland on 4 March 2004,

Five years ago, when Poland became a member of NATO, the Polish Foreign Minister promised that Poland would be a ‘good and credible ally, for good and bad weather’. In the time that has passed since then, Poland has kept its promise.

²⁰⁴ Ministry of National Defense. “Misje Pokojowe WP.” Internet. Online. Available <http://www.mil.pl> (20 May 2004).

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VI. SUMMARY

A. INTRODUCTION

In the previous chapters, this thesis addressed the issue of the legal and institutional evolution of the defense budget process in post-communist Poland. It identified the changes to the basic rules governing the budget process and displayed how these changes impacted the Polish Parliament. Furthermore, it analyzed the distribution of power among the different actors in the budget cycle, and provided an overview of Poland's defense spending in comparison with the other European states of NATO.

This chapter briefly summarizes what was discussed in the previous chapters and provides the author's observations, conclusions and recommendations for further research.

B. OBSERVATIONS, CONCLUSIONS, AND RECOMMENDATIONS

Fifteen years of the democratic transformation in Poland provides a rich overview of the extremely difficult and historically unprecedented process of transforming a totalitarian system into a modern democracy. In 2004, Poland is perceived as a country that has made a successful transition from a centrally planned to a free-market economy and a consolidated democracy.

Under Poland's communist regimes, defense policy was the exclusive domain of the military, closely controlled by the Main Political Administration. Procedures for the planning and realization of expenditures for the purposes of defense were politically oriented. Defense budgets were driven by task requirements and did not reflect the economic situation. After the collapse of communism in Poland, civilian control over the Polish armed forces and the defense budget became crucial issues associated with the transition to a democracy and a free market. These issues became even more obvious when Poland decided to base its new security policy on integration with NATO in the early 1990. Since then, the major changes impacting the process of governmental budgeting in Poland have been subordinated to this policy.

In 1994, Poland joined the Partnership for Peace (PfP). At first, the Polish armed forces, after five years of the gradual degradation of military capabilities, were not capable of fulfilling the requirements of the PfP. This led to the first parliamentary debate over national defense. The result of this debate was the adoption of a resolution that made a recommendation for setting defense spending at 3 percent of the GDP by the end of 1997.

In July 1997, Poland was invited to join NATO. Two months later, in September 1997, the Government adopted the “Programme for Integration with the North Atlantic Treaty Organization and Modernization of the Polish Armed Forces 1998-2012.”

After Poland’s accession to NATO in 1999, the priority of army modernization was made clear as never before. In December 2000, the Government adopted the “Programme of Restructuring and Technical Modernization of the Armed Forces of the Republic of Poland 2001-2006,” legislation aimed at fulfilling Alliance objectives. Moreover, the Government decided to guarantee stable defense spending in the form of a law. The “Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the Years 2001-2006” was passed by the Sejm on 25 May 2001. A separate parliamentary law, the “Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft Act” was passed by the Sejm on 22 June 2001 to provide funding for a major NATO-related weapons system.

These events provide distinct evidence that major changes impacting the process of governmental budgeting for defense in Poland after the collapse of the Warsaw Pact were generated by the PfP and NATO obligations.

Another important factor that shaped defense budgets in the course of the Polish transition from a centrally planned to a free-market economy and a consolidated democracy was a changing political environment. The period between 1989 and 2004 has been characterized by frequent changes in government and instability within political parties. The average duration of the ten governments of the Third Republic of Poland (September 1989- May 2004) has been 16 months. It must be noted, however, that the later ones ruled longer than their predecessors. The political longevity of the government

increased with the introduction of the Electoral Law of 1993. This law stabilized the political system by applying the d'Hondt electoral method. Additionally, the Constitution of 1997 eliminated a situation where two state organs claimed to have similar competencies. Within this turbulent political environment, it has been extremely difficult to reach consensus in approving budgets.

In 2004, the process of budgeting for defense in Poland is shaped by legal acts and regulations derived from five documents. The first is the Constitution of 1997. This Constitution, in conjunction with the Public Finance Act of 1998, precisely defines the timetable and the scope of the defense budget, and also identifies the main actors in the budget process. The Offset Bill of 1999 imposes “compensation agreements,” to be concluded in connection with contracts for supplies for the Polish military. The Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces of the Republic of Poland in the years 2001-2006 provides a detailed foundation for planning the budget of the Ministry of National Defense, while the Act of Equipping the Armed Forces of the Republic of Poland with Multi-Role Aircraft opened a gate for the acquisition of modern supersonic aircraft.

These legal documents have created a basic platform for defense planning and programming for the next few years. However, it should be noted that this platform is relatively new and highly subordinated to the economic situation in Poland. This limitation is best illustrated by the situation that took place in 2001, when only three months after the adoption of the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the years 2001-2006, realization of this plan was undermined by the decision of the Council of Ministers to reduce defense spending by PLN 951.5 million due to economic difficulties in Poland.

Moreover, the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the years 2001-2006 and the Act of Equipping the Armed Forces with Multi-Role Aircraft have a temporary character. The process of defense budgeting in Poland has not reached its ultimate shape, and we should expect changes in the process of financing the defense sector.

Another author's observation is that legislative engagement throughout the defense budget cycle is rather minor. Specifically, the Polish budgeting cycle is separated into four different stages: drafting, legislating, execution, and audit. The drafting and execution stages are purely in the hands of the executive, whereas legislating and audit stages are supervised by the legislature. However, the evidence is that the Sejm and the Senat in Poland have not exercised any significant influence on the defense budgets. Between 1996 and 2003, the Parliament "slightly" amended governmental proposals for defense spending only twice. In 2001, the Sejm changed the allocation of funds within the Defense Budget, and in 2003 it decreased the defense budget by PLN5.7 million or 0.04 percent.

The lack of activity by the legislature in the defense field, however, is caused not by the fact that the government has prepared and presented to them the best possible defense budgets. Rather, it is the result of poor legislative oversight of defense issues and minimal transparency in the course of shaping defense budgets within the MoND and the government. The defense budget has been changed every year since 1996, but only once, in 2003, was the Parliament the source of these changes.

Moreover, having analyzed the process of transformation of the Polish armed forces - their needs, requirements and obligations - it can be concluded that the Parliament does not perceive "army business" as a priority. For instance, in 2001, the execution of the defense budget was PLN 1150.5 million less than the amount depicted in the Budget Act for that year. The result of this reduction was that the program of armed forces modernization was postponed. The Sejm decided to adjust the law to the altered situation. Specifically, the Sejm passed amendments to the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces in the years 2001-2006. As a result, the minimum levels for defense expenditures for the years 2002-2006 that had been established to provide the fiscal basis for long-term plans regarding the purchases of weapons and equipment were cancelled.

Another observation concerns the inconsistency in available data regarding the defense spending allocations and their execution. For example, the data published in the official guide "Basic information on the MoND Budget for 2003" issued by the Budget

Department and the Department of Education and Promotion of Defense are inconsistent with data provided by the Ministry of Finance. This inconsistency caused enormous problems in the course of writing this paper.

Moreover, public availability of fiscal information concerning defense spending in Poland is significantly restricted. For instance, it is much easier to find data regarding the defense sector on international web sites, gathered and analyzed by foreign institutions and organization, than on Polish sites. The official web page of the Ministry of National Defense provides only limited data, much less than is needed for conducting serious research. Furthermore, the data provided on the MoND's page is limited to the few last years. The author did not find data regarding defense spending before 2000 on any official government sites.

This thesis suggests many possibilities for further studies. These would include a comparison of the Polish defense budget cycle with those in Hungary and the Czech Republic (countries that joined NATO with Poland in 1999). Another possibility for further study might be a detailed description of activities within the National Defense Committee and its influence on the Sejm's decisions in Poland. Finally, further studies could evaluate the implementation and realization of the Law on Restructuring, Technical Modernization and Financing of the Polish Armed Forces of the Republic of Poland in the years 2001-2006.

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**APPENDIX. POLAND’S PROCUREMENT PLANS ACCORDING
TO THE “PROGRAMME FOR INTEGRATION WITH THE NORTH
ATLANTIC TREATY ORGANIZATION AND MODERNIZATION
OF THE POLISH ARMED FORCES 1998-2012”²⁰⁵**

CATEGORY	COST	SPECIFICS
Detection and radio electronic combat systems	\$1.35 billion	• More than 150 radar systems • About 20 reconnaissance aircraft
Command and communication systems	\$1.52 billion	• Almost 20,000 field combat broadcast systems • More than 300 digital radio relays • More than 200 integrated communication and command systems
Individual equipment for soldiers	\$.47 billion	• Approximately 85,000 pistols and machine guns with munitions (including Beryl, 5.56 mm machine guns) • More than 500 mortars with ammunition • More than 50,000 bullet-proof helmets and vests • About 30,000 sets of protective gear
Air defence equipment and combat resources	\$.88 billion	• About 700 artillery and close range missile units (Grom) • About 100 self-propelled missile-artillery units (Loara) • Modernisation of missile units (Neva, Volchov) • Potential for purchasing long range missile systems, such as Patriot
Anti-tank equipment and combat resources	\$.23 billion	• About 215 sets of guided anti-tank missiles • About 50 self-propelled mine laying systems
Multipurpose and attack helicopters	\$1.7 billion	• About 100 Huzar attack helicopters • 3,600 guided anti-tank missiles for helicopters • More than 100 Sokol and Anaconda helicopters

²⁰⁵ Dragsdahl, Jorgen. “NATO Resists Pressures to Militarise Central Europe.” July 1998. Internet. Online. Available <http://basicint.org/pubs/Papers/BP28.htm> (2 April 2004).

CATEGORY	COST	SPECIFICS
Aviation equipment	\$1.23 billion	• Modernization of MiG-29 and Su-22 aircraft • Purchase of 50-60 transport and fighter trainer aircraft (AN-28, Orlik, Iryda) • Purchase of modern combat aviation equipment • Adopting military airports to NATO standards
Strategic government programs	Funding outside MoD budget	• More than 100 fighter aircraft (up to \$44 million per unit) • Ground system for securing aircraft use
Ground artillery equipment and resources	\$.52 billion	• 155 mm self-propelled howitzer guns • About 15 mortar batteries with fire control systems • Modernization of rocket artillery • Self-guided artillery and rocket ammunition
Armoured personnel and infantry combat vehicles	\$1.05 billion	• Modernization of tanks and infantry combat vehicles (includes upgrades of T-72M1) • More than 300 Armored wheel transports • New generation tanks (PT-91 Twardy)
Ships - marine equipment	\$.73 billion	• More than 10 new combat ships (including 7 Kaszub corvettes, 3 submarines) • Modernization of several ships
Various equipment	\$1.60 billion	• Ammunition, combat equipment, battlefield simulators • Terrain vehicles • New generation trucks • Logistics equipment • Supplementing technical stocks

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