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Public Finance in Poland in the Process of European Union Integration

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This paper aims to analyze the process of Polish integration with the European Union at the level of functioning of public finances, and based on the current socio-economic situation in the EU. The paper is also analysis a process of public finance reforms in Poland during political and economic transition. The paper discussed issues related to the process of Polish integration with the European Union, the effects of economic and market changes after the change state system in 1989. Analysis refers to the period 1990-2011. These include the state of public finances at the level of central government administration. There are discussed in the paper issues of the impact of EU law on public finance law in Poland. The paper presents the financial results of Polish integration with the EU, mainly in the context of EU financial assistance to support development processes. The last part of the paper concerns of the impact of the global and European financial crisis analysis on public finances in Poland.

Field of Research: Public Finance, Public Administration, Developing economies, European Integration

1. Introduction

In 1989 the period of Communist rule ended in Poland. Poland, in this period was not a sovereign State, independently of its development. This was the delay in the development of socio-economic in comparison to other countries of Western Europe.

Since the early 1990s of the 20th century, along with transformation of Poland, after a period of real socialism, there has been a process of integration into the European Union. During this period, there has been a transition from a centrally-planned to a market economy. A series of the state reforms which were planned and carried out of the State, aimed to develop the democratisation of socio-economic and to decentralize many functions at the State level closer to citizens. With the transformation from a centrally-planned to a market economy, took place of the gradual process of decentralisation of public tasks and the decentralisation of public finances.

The development of public finances in Poland was closely associated with the economic processes transformation and integration process of Poland with the European Union. Considering the evolution of public finances in Poland after 1989, there are several stages (Postula, 2008), on the basis of which the changes in fiscal policy, budget and institutional solutions for the operation of the sector of public finances were made:

- 1991-1993 - major tax reforms, the creation of state taxes: PIT, CIT and VAT.

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- 1990-1999 - the reform of decentralization of public tasks - development of local government.

- 1999 - reform of education. Cancelled school system at primary level in the dimension of eight years and introduced the so-called. standard 6+3+3 (primary school, secondary school, high school);

- 1999 - Social Security reform. Two-pillar system of insurance was introduced;

- 1999 - Health care reform. The system of financing health services was separated from the state budget.

- 2004 - Polish integration into the European Union. Poland joined the EU in 2004, which enabled its involvement in the process of programming period 2000-2006. Currently, the programming period 2007-2013 is being applied in the EU. At this level, the evolution of public finances can be firstly analyzed for fiscal consolidation. It concerned the EU requirements on government deficit and public debt. Secondly in the context of EU funds, which will significantly affect the level of socio-economic development of Poland.

- 2006 - 2013 – The implementation of long-term financial planning and so-called performance budget in the public finance sector units.

The reason for the analysis of public finance in Poland in the European integration process is the current economic situation and economic in Poland as a member of the EU in terms of the economic crisis. Especially in terms of positive economic growth in comparison to other EU countries.

In addition, it is also important to note of the effective use by the Polish public administration major EU funding to support socio-economic development and equalization of the level of life to level of the Western Europe.

The paper contains a comparative analysis of data on public finance in Poland and other EU countries, which may constitute a source of information used for further research in this field.This paper presents the analysis of economic transformation in Poland in the period of system transformation and integration with the European Union. The paper also analyses the impact of European Union law on public finances in Poland. Next parts of analysis relates to the financial benefits of Poland’s integration with the European Union and the financial benefits of Poland’s integration with the European Union. The last two sections of the paper analyze the economic crisis in the EURO area and public finance in Poland and mensures to consolidate public finances in Poland.

2. Literature Review

Financial consequences analysis and impact of the integration of Poland with the European Union's public finances has been made on the basis of the source data of the Ministry of finance and the Ministry of Economy of the Republic of Poland. Data showing the level of GDP and inflation in the EU come from studies of the European Commission. The paper was also work (Kosikowski, Ruśkowski, 2008) devoted to the issues of financial European law. The assessment of the impact of financial crisis on public finances in Poland was made on the basis of data from the years 2005-2010 (Skica, Pater, 2010). The role of public administration in the process of European integration is describing from International Political Review (Grosse, 2003). In the paper are also conducted its own analysis based on observations and previous studies.

In the paper, attempts to answer the question of whether European integration promotes the socio-economic development of Poland, in particular the strengthening of its economy situation and the stability of the economy.

3. Methodology

This paper attempts to prove the hypothesis that socio-economic transformation in Poland after 1989 and the processes of decentralization and Polish integration with the European Union strengthen its economic stability of Poland in Europe and they lead to socio-economic growth.

The research are carried out by the method of analysis system. In the paper we analyze concerns, inter alia, the impact of European law for the financial legal system in Poland and the status of polish public finances. The research are also carried by the comparison research method. In the paper there is also a comparison of the figures in respect of financial indicators of the European Union and Poland. In the paper a comparison of public finance system in Poland with the EU financial system. The focus on analysis is an attempt to present the effects of European integration for the Polish State and public finance in Poland. The analysis is carried out by an indication of the relationship between the financial situation in the European Union as a whole and of Poland as a member of this organization. We also used the observation method involving the observation of economic phenomena taking place in Poland in the process of European integration and their implications for polish financial system.

On the basis of these studies have been formulated conclusions related to the analysis of the impact of European integration on the level of economic development in Poland, as well as the conclusions on the meaning carried out and planned economic reforms. This may be the basis and sources for further research in this field and to provide advice and information source for other researchers, as well as public administration.

4. Economic Transformation in Poland in the Period of System Transformation and Integration with the European Union

At the beginning of the 1990s the reforms and changes implemented in socio-economic life are quite difficult, both for public authorities and for society. In 1989, the inflation was still growing grew by 20-40% per month, in the perspective on the whole year it was 640%. Democratically elected Government received very responsible task of economic reforms and began the process of consolidation of public finances. It was decided to base the operation of the State on economy and private property. This idea was reflected in the “Government's Economic Stabilization Program". adopted in late 1989. The main objectives of the Programme were: ensuring the economic balance; implementation of a rigorous budgetary policy; tightening of monetary policy; the liberalisation of foreign trade; privatization of enterprises and promoting the private sector; increasing the autonomy of State-owned enterprises (The Economic Programme. The main Principles and directions, 1989).

After a series of social and economic reforms in Poland, compared to other countries at that time in the period of transformation, Poland quickly achieved stability. This was proven by the increasing level of GDP and inflation decline (tab. 1 i tab. 2).

Table 1: Growth of GDP of Selected Countries, Calculated By Purchasing Power Parity

Year	Poland	Hungary	Czech Rep.	Russia	Ukraine	Belarus	Finland
1990	-9,68%	-6,67%	-1,20%	-3,00%	-3,60%	-1,90%	+0,01%
1991	-7,02%	-11,90%	-11,61%	-5,00%	-8,70%	-1,40%	-6,39%
1992	+2,51%	-3,06%	-0,51%	-14,50%	-9,90%	-9,60%	-3,81%
1993	+3,74%	-0,58%	+0,06%	-8,70%	-14,20%	-7,60%	-1,24%
1994	+5,29%	+2,95%	+2,22%	-12,70%	-22,90%	-11,70%	+3,94%
1995	+6,95%	+1,49%	+5,94%	-4,10%	-12,20%	-10,40%	+3,45%
1996	+6,00%	+1,32%	+4,16%	-3,60%	-10,00%	+2,80%	+3,79%
1990–96	**+6,61%**	**-16,11%**	**-1,94%**	**-41,94%**	**-58,55%**	**-34,29%**	**-0,75%**

Table 2: Inflation at the End of the Year in Selected Countries

Year	Poland	Czech Rep.	Slovakia	Hungary	Bulgaria	Romania
1989	640,0%	1,5%	1,5%	18,9%	10,0%	0,6%
1990	249,0%	18,4%	18,4%	33,4%	72,5%	37,6%
1991	60,4%	52,0%	58,3%	32,2%	339,0%	222,8%
1992	44,3%	12,7%	9,2%	21,6%	79,0%	199,2%
1993	37,6%	18,2%	24,8%	21,1%	64,0%	295,5%

Data source: *Groningen Growth and Development Centre*.

It should be reminded that in 2003 GDP in Poland amounted to 8.9 thousand EUR per capita, while in Greece, the poorest EU country it was estimated at 15,6 thousand EUR. (The wealthiest countries at that time were: Ireland 26,7 thousand EUR, Germany – 23,7 thousand EUR, United Kingdom - 9,0 thousand EUR and France - 22,3 thousand EUR.) (Stańczyk, 2003). The GDP increase affected the development of the private sector which subsequently acquired the employees of the State sector. At the end of 1988, the private sector shares in GDP amounted to 28%, whereas in 1990 it was already over 32%. In the years 1990-1994, approximately 57 thousand private enterprises employing at least 5 employees were created at the market, which represented about830 thousand new jobs.

During the years 1990-2010 a privatisation process took place in Poland. This transformation caused the opening of the Polish economy to the world. At the same time the State monopoly on foreign trade was finished. Statistics show that from 1990 to 2010 there was a sevenfold rise in export, while the import increased more than twelvefold at that time. Export per capita increased almost four-fold and import almost sevenfold. The increase in trade with the EU countries was also noticeable. From 1990 to 2010, Polish export in relation to the EU increased fourteen fold, while import sixteen fold. The intensified trade with the EEC (EU) involved limiting the commercial contacts with former Eastern bloc countries

The conditions of Poland's accession to the European Union were set out in the Treaty of Maastricht of 1992. Our country had to meet several requirements of fiscal and monetary policy and those related to the nature of the market economy and to the skills of competition. In addition, Poland had to adapt to the acquisition of the Union, should have efficiently functioning institutions that guarantee the democracy as well as share the political and economic aims of the Community. March 31, 1998, the negotiations concerning Polish membership in the European Union started officially. May 1, 2004, Poland became a new member of the EU.

Any customs between Poland and the Union were abrogated. Gas and electricity markets were liberalised and the zero rate of VAT on fuel was lifted.(Stańczyk, 2003).

5. The Impact of European Union Law on Public Finances in Poland

Adapting Polish law to the EU *acquis communautaire* required the adoption by Parliament over two hundred acts. The EU membership requirement was to adapt Polish law in 31 areas of socio-economic development.

In addition to many areas of socio-economic life, the community law applies also to the financial management of the EU Member States. Member States are bound by the directives concerning the ESA ' 95 and the calculation of gross national income. Moreover, there are provisions for the control of the excessive deficit procedure and rules for the protection of the community's financial interests.

Budgetary convergence criteria are based on the values of the reference specified in the Protocol No 5 on the excessive deficit procedures. They were established for: the deficit at no more than 3% of GDP and the public debt not exceeding 60% of GDP.

In the article 99 of the Treaty of Rome the needs of indirect taxes, turnover taxes and excise duties harmonization were formulated. With the reference to the article. 93 of the EC TREATY and the directive issued on its basis the uniform system of the Member States indirect taxation was made. In place of turnover taxes variety, value added tax was introduced and excise duty harmonisation was carried out. The result of these actions was the adoption of Council Directive 2006/112 of 8 November 2006 on the common system of value added tax. The new directive is therefore the result of the actions that can be specified as the codification of Community legislation on value added tax. The recommendations of the Council of Europe concerning the diffusion of the tax on goods and services postulate to minimise the deductions and tax exemptions, even if their existence is justified by important health, ecological or social respects. In accordance with the guidelines of the Council, the basic VAT rate should vary between 15% to 20%.

An important element of the EU regulation impact on public finances in Poland is the harmonisation of EU customs legislation in the form of the Community Customs Code. The community is based on the Customs Union. Therefore, in the interest of economic entities and customs administrations of the Member States, the customs rules, which were scattered in a number of regulations and directives of the EU should be gathered together. This task is crucial for the internal market. The EU Customs Code shall be applied in trade between the community and third countries, as well as to the goods provided by the Treaty (Kosikowski, Ruśkowski, 2008).

6. The Financial Benefits of Poland's Integration with the European Union

The rules of the preparation and implementation of programmes financed by the structural funds are set out in a number of legal acts. The most important EU legal act is Council Regulation No 1083 of 11 July 2006 making general provisions on the European regional development fund, European Social Fund, the Cohesion Fund and repealing regulation No 1260/1999. For the Polish side the most important legal act is the Act of 6 December 2006 on the principles of development policy.

The main objective of the cohesion policy is to reduce the disparities between the economic, social and territorial countries and regions of the EU. The main objective will be pursued through three specific objectives of the cohesion policy the socio-economic programme in the years 2007-2013: convergence, regional competitiveness, employment and European territorial cooperation objective. Each of the three objectives of cohesion policy is assigned to an appropriate financial instrument (the Fund).

There are several general rules, which must be taken into account by both the European Commission, and above all by the Member States in the process of preparation and implementation of programmes financed from the structural funds and the Cohesion Fund. These are:

- Complementarity of support in relation to the programmes implemented in various Member States.
- The consistency of the support of Community policies, including the assurance that the level of a given Member State, 60% of the funds under the convergence objective and 75% of the funds under the regional competitiveness and employment objective will be allocated to promote competitiveness and create new jobs.
- Coordination of support from the other financial instruments. Support compliance with the provisions of the Treaty and regulations to the Treaty.
- Programming support.
- Partnership in the preparation and implementation of programmes, both at the level of the European Commission-Member State, as well as in relationships between the various entities in the country.
- The proportionality of the financial and administrative resources for the implementation of the operational programmes budget.
- Member State and the European Commission co-management of the programmes
- Additional assistance from the structural funds which should not replace public funds.
- Equality between women and men and the prevention of all forms of discrimination at the stage of implementation of assistance.
- Sustainable development.

The European Union began providing aid for Poland in the year 1990. In 1999, the only source of financing the Polish project was the Phare programme (Poland and Hungary: Action for the Restructuring of the Economy). In the years 2000-2003, in addition to the Phare programme, SAPARD (Special Accession Programme for Agriculture and Rural Development) and ISPA (Instrument for Structural Policies for Pre-Accession also functioned well. The entering of Poland into the European Union led to a significant extension of capabilities of the projects implementation with the support from the EU. For the years 2004-2006, nearly 13 billion euro from the structural funds and the Cohesion Fund was assigned to Poland in the Community budget.

In January 2007, the next multi-annual period of cohesion policy implementation with the use of the European Union funds began. So that these measures can be used by the Polish beneficiaries, the Government prepared a National Cohesion Strategy (NSS) which sets out the priorities and scope of the structural funds and the Cohesion Fund under the Community budget for the period 2007-2013. The total budget NSS 2007-2013 is approximately 85,56 billion EUR.67.3 billion of which are the EU means; 11,86 billion comes from national public funds, 6.4 billion is the financial commitment on the part of private entities-beneficiaries of the aid.

7. The Economic Crisis in the EURO Area and Public Finance in Poland

The reforms and restructuring measures carried out in the 1990s required considerable funding for their implementation so they substantially debited the sector of public finances. The improvement related to the public debt and deficit in the middle of last decade contributed to the fact that the situation of public finances was no longer a factor threatening the sustainability of economic development. Unfortunately, in the face of a slowing economy and the global crisis, in the years 2008-2011 the status of public finances was deteriorating (Polish Ministry of Economy, 2011).

The analysis of the figures for 2005-2009 (inclusive) shows that the deficit of public finances in Poland was higher than the EU average (Skica, Pater, 2010). On the basis of these data it follows that the indicators of public finance deficit and public debt were clearly deteriorating in the years 2005-2009, and this process was visibly accelerating in 2008-2009. This was due to the effects of financial crisis which quickly moved to the economies of individual countries and caused a slowdown of economic development. In 2008 and in 2009 the decline in GDP in some countries was noticeable and it was reaching up to several percent. This was accompanied by a significant increase in the level of unemployment, which also had an impact on the deterioration of public finances.

With reference to the euro area countries, the crisis was less severe for the Polish economy, there was no decline in GDP. Although in the worst year 2009 the economic growth was estimated at 1.7 percent GDP, and was several times lower than in 2007.

Exceeding Greek bonds by 10 percent profitability level resulted in cessation of bonds placement on the primary market by the State and its temporary suspension of debt service. Greece had to turn for help to the European Central Bank, the European Commission and the International Monetary Fund. A similar scenario concerned Ireland (Kuźmiuk, 2010).

Table 3: Deficit in Public Finances in the EU-12 (Million EURO) (Skica, Pater, 2010)

UE – 12	2005	2006	2007	2008	2009
Bulgaria	413,5	759,3	20,1	625,6	-1314,0
Czech Republic	-3584,3	-2995,6	-859,9	-4022,5	-8 133,4
Estonia	180,2	331,3	409,8	-441,5	-236,7
Cyprus	-330,3	-175,3	539,8	157,6	-1 028,7
Latvia	-51,7	-74,5	-3,8	-956,6	-1 684,4
Lithuania	-104,8	-107,5	-289,9	-1056,2	-2378,8
Hungary	-7003,6	-8372,2	-5049,3	-4035,0	-3765,9
Malta	-137,6	-130,6	-117,5	-254,8	-218,2
Poland	**-9 957,0**	**-9876,0**	**-5 842,2**	**-13 350,7**	**-22 120,8**
Romania	-923,6	- 2 119,9	-3 129,6	-7 584,6	-9 620,7
Slovenia	-412,0	-404,3	7,5	-630,9	-1 915,2
Slovakia	-1 082,9	-1 539,2	-1 019,5	-1 492,5	-4 289,5
The average value of the balance	-1 916,2	-2 058,7	-1 282,9	-2 753,5	-4 725,5
The average value of the balances in the EURO area	-12 800,78	-7 003,00	-3 482,66	-11 323,51	-35 319,44

Sound public finance is considered a condition of stable economic growth. Excessive debt levels increase, especially if the funds obtained in this way are not allocated in the development branches of the economy, should be regarded as economically irrational. In the case of Poland, public debt growth to a level that could raise concerns about insolvency (as was the case in Greece) is further restricted by legal considerations. In Article 215 Par. 5 of the Polish Constitution it is forbidden to take action which could exceed the ratio of public debt to GDP threshold of 60%. Furthermore, in Art. 79 of Public Finance Act the obligation of particular reaction of the authorities in case the index value exceeds 50%, 55% and 60% of GDP has been precisely defined (Polish Ministry of Finance, 2010).

Despite the poor condition of public finances in Poland, the data in the table below indicate that in comparison to the countries of the euro zone, GDP and inflation rates were relatively positive. One reason is the rapidly growing Polish economy, which is supported by EU funds. In addition, Poland has a stable banking system that is relatively independent of the bank system in Western Europe. In addition, Poland has a fairly good opinion of investors, which also affects the level of investment and economic development.

Table 4: Overview - The Autumn 2011 Forecast Real GDP and Inflation

	Real GDP				Inflation			
		Forecast				Forecast		
	2010	**2011**	**2012**	**2013**	**2010**	**2011**	**2012**	**2013**
Belgium	2,3	2,2	0,9	1,5	2,3	3,5	2,0	1,9
Germany	3,7	2,9	0,8	1,5	1,2	2,4	1,7	1,8
Estonia	2,3	8,0	3,2	4,0	2,7	5,2	3,3	2,8
Ireland	-0,4	1,1	1,1	2,3	-1,6	1,1	0,7	1,2
Greece	-3,5	-5,5	-2,8	0,7	4,7	3,0	0,8	0,8
Spain	-0,1	0,7	0,7	1,4	2,0	3,0	1,1	1,3
France	1,5	1,6	0,6	1,4	1,7	2,2	1,5	1,4
Italy	1,5	0,5	0,1	0,7	1,6	2,7	2,0	1,9
Cyprus	1,1	0,3	0,0	1,8	2,6	3,4	2,8	2,3
Luxembourg	2,7	1,6	1,0	2,3	2,8	3,6	2,1	2,5
Malta	2,7	2,1	1,3	2,0	2,0	2,6	2,2	2,3
Netherlands	1,7	1,8	0,5	1,3	0,9	2,5	1,9	1,3
Austria	2,3	2,9	0,9	1,9	1,7	3,4	2,2	2,1
Portugal	1,4	-1,9	-3,0	1,1	1,4	3,5	3,0	1,5
Slovenia	1,4	1,1	1,0	1,5	2,1	1,9	1,3	1,2
Slovakia	4,2	2,9	1,1	2,9	0,7	4,0	1,7	2,1
Finland	3,6	3,1	1,4	1,7	1,7	3,2	2,6	1,8
Euro area	1,9	1,5	0,5	1,3	1,6	2,6	1,7	1,6
Bulgaria	0,2	2,2	2,3	3,0	3,0	3,6	3,1	3,0
Czech Rep.	2,7	0,8	0,7	1,7	1,2	1,8	2,7	1,6
Denmark	1,7	1,2	1,4	1,7	2,2	2,6	1,7	1,8
Latvia	-0,3	4,5	2,5	4,0	-1,2	4,2	2,4	2,0
Lithuania	1,4	6,1	3,4	3,8	1,2	4,0	2,7	2,8
Hungary	1,3	1,4	0,5	1,4	4,7	4,0	4,5	4,1
Poland	**3,9**	**4,0**	**2,5**	**2,8**	**2,7**	**3,7**	**2,7**	**2,9**
Romania	-1,9	1,7	2,1	3,4	6,1	5,9	3,4	3,4
Sweden	5,6	4,0	1,4	2,1	1,9	1,5	1,3	1,6
United Kingdom	1,8	0,7	0,6	1,5	3,3	4,3	2,9	2,0
EU	2,0	1,6	0,6	1,5	2,1	3,0	2,0	1,8
USA	3,0	1,6	1,5	1,3	1,6	3,2	1,9	2,2
Japan	4,0	-0,4	1,8	1,0	-0,7	-0,2	-0,1	0,8
China	10,3	9,2	8,6	8,2	-	-	-	-
World	5,0	3,7	3,5	3,6	-	-	-	-

Data source: European Economic Forecast, European Economy 6|2011, www.ec.europa.eu

8. Measures to Consolidate Public Finances in Poland

Improving the state of public finances is now a major policy challenge for the Polish economy. A key aim is primarily a limitation of government expenditure and the reduction of its deficit. Poland, as recommended by the EC, should eliminate the excessive deficit of public sector in 2012 in a credible and sustainable way (Polish Ministry of Economy, 2011).

Budget Act of 2011 and 2012 includes the following measures to reduce the deficit:

• to lower funeral benefits

• to freeze wages in nominal terms for most units of the government;

• to reduce expenditure on labor market programs of low efficiency;

• to implement the long-term planning in local government units (LGUs)

• to strengthen the management of state budget liquidity based on the obligation to invest free funds in the Minister of Finance account by the public finance sector entities, which will reduce public debt and borrowing needs by increasing the efficiency of the asset management sector,.

There was also an increase in the standard VAT rate to 23% (from 22%) and a reduced rate to 8% (7%). Increased tax rates will be valid for 3 years as part of a plan to eliminate the excessive deficit.

In view of the deteriorating economic situation in the euro area the government has prepared a set of necessary actions to improve the financial security of Poland. During the term of Polish Government created in 2011, Prime Minister announced significant changes in the financial system. The aim is to exit from the excessive deficit procedure in 2012 and reduce it to 1 percent of GDP till the end of the term. The relation of public debt to GDP in 2012 dropped to 52 percent and will be systematically decreasing to 47 percent till the end of 2015.

The main assumptions introduced from 2012 changes include:

• the increase of retirement age for men and women to 67 years;

• the elimination of retirement benefits the uniformed services;

• the removal of privileges and tax breaks;

• an increase in pension contributions;

• the introduction of agricultural accounting system and reforming the system of agricultural insurance;

• increasing the tribute levied on the extraction of natural resources such as copper and silver;

• streamlining and modernizing the public administration.

Poland, like most new member states, has not adopted the single currency euro yet. A prerequisite for joining the euro area is to meet the convergence criteria established in Art. 121 from the Treaty of Maastricht on European Union . The convergence criteria are the macroeconomic indicators which are suitable for the country considered ready to participate in a common currency area. The convergence criteria can be divided into fiscal and monetary (inflation criterion, foreign exchange, interest rates) (Polish Ministry of Economy, 2011).

Table 5: The Convergence Criteria for Participation in the Common EU Monetary System. Status in Poland

	2010		2011	
	UE criteria	**Poland**	**UE criteria**	**Poland**
General government deficit and debt to GDP (%)	3,0	7,9	3,0	5,8
Debt levels and debt to GDP (%)	60,0	54,9	60,0	55,4
Inflation (HICP - Harmonized Index of Consumer Prices -%)	2,4	2,7	3,1	3,0
Interest rates	5,2	5,8	4,9	5,9

Data source: Poland, 2011 - Report on the state of the economy, www.mg.gov.pl

9. Conclusion

Poland is now in a period of further reforming the socio-economic system, where public finances occupy an important place. In the process of globalization, it is difficult to avoid the adverse impact of cyclical fluctuations and breakdowns in global markets, economy and state finances. So that the effects of economic crises were the least, the state should create the system of public finances protection and ensure the development of strong and stable economic sector. Additionally, in difficult times, the society should understand and accept the necessary reforms to stabilize the financial situation in the State. Poland launched this difficult task and it seems that thanks to the determination of the Government and the acceptance of most of society, the planned objectives of public finances reform are likely to be realized. Moreover, Poland is still at the stage of economic development and as a member of the European Union can take advantage of many programs supporting socio-economic transformation. If the economic situation in the euro area is be stable, then in the next programming period (2014-2020) Poland will catch up with the economies of western Europe even faster and can become a key partner for the European countries and for foreign investors.

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