

Wałbrzych: A Microcosm of Post-Communist Transition



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ABSTRACT: This article focuses on Wałbrzych as a microcosm of post-communist transition, taking inspiration from *Microcosm: Portrait of a Central European City* by Norman Davies and Roger Moorhouse, which focused on Wrocław. The research questions are what problems the city faced in the post-communist transition and how the city tackled these problems. The city faced my challenges, not least its deeply problematic reputation and being unfashionable. This, as well the city's competitive disadvantage, drove outward migration, both to other cities in Poland and abroad. Moreover, the city's industrial, developed according to communist ideals, was ill suited to the modern era and had also led to a misskilled labour force. In attempting to tackle these issues the city relied on tactics such as special economic zones, which may themselves lead to further problems in the future. While the percentage of unemployed remained higher than the rest of Silesia and Poland, the city did succeed in cutting it to a very reasonable level, as well as attracting migrants from abroad, mainly Ukraine. Despite managing to tackle some of the issues it faced, Wałbrzych will never be as popular or prestigious as some cities, which is exactly what makes it such an interesting case study – as many cities across the post-communist space face issues and increasingly seem to be finding similar responses.

KEYWORDS: Wałbrzych, Poland, microcosm, transition, post-communist.

INTRODUCTION

In *Microcosm: Portrait of a Central European City* Norman Davies and Roger Moorhouse outline the history of Wrocław, a city in Lower Silesia. This history is outlined as a microcosm for many huge developments in European history; huge developments which, for the most part, were triggered or created far away from Wrocław. However, the effect on the city and the citizens of the city were very palpable and very much apparent. While this book is unlikely to be the defining work for either of the two authors, it does highlight how this level of analysis can be a useful and interesting way to view certain historical developments. The latest transformation which Poland has undergone is the switch from a single party communist state and Warsaw Pact/Comecon member to pluralistic democratic state and NATO/EU member.

While Wrocław with its beautiful old town, multiple universities and highly educated population has flourished through this transformation, not every city in Poland, or even the region, has shared such a fate. Therefore, the fellow Lower Silesian city of Wałbrzych offers a different kind of opportunity as a microcosm. The opportunity in selecting such an object is twofold. Firstly, there is a huge amount of such cities across the region and they are often neglected in analyses, with larger and more fashionable cities often being the focus. Secondly, in the larger pictures of national and regional statistics the issues that smaller cities, and citizens of these cities, face are not always particularly visible. There is an opportunity to redress this by considering Wałbrzych and how it had to battle with the problems of transition. In order to do so, a brief history of Wałbrzych is first outlined, before discussing some of the issues faced during transition and then analysing if and how these issues were combatted.

Brief History of Wałbrzych

Many of the historical developments which are mentioned in Davies' and Moorhouse's book also affected Wałbrzych. Such developments range from the Thirty Years' War to the resettlement of Germans post Second World War. The city was entered into chronicles as the location of a castle built by Bolesław I in 1290 (Encyclopaedia Britannica, 2016), although according to chronicler Ephraim Ignatius Naso, the forest settlement already existed as early as the year 1191 (Centrum Informacji Turystycznej i Kulturalnej w Wałbrzych, 2012). Between the 12th and 14th Centuries the Książ Castle and the Nowy Dwór fortress were erected, this was done under the rule of the Piast princes from the Świdnica-Jawor lineage (Urząd Miejski w Wałbrzychu, 2014). Mining of silver and lead ores in the area also began in the 14th century (Encyclopaedia Britannica, 2016). What followed was a tale of times of prosperity followed by times of suffering. Again, as with Davies' and Moorhouse's book they were often externally caused and locally experienced. For example, the turn of the 16th Century was dominated by the suffering caused by natural disasters, disease, destruction of castles and villages; however, this was followed by the economic development and prosperity of the later stages of

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the this century (Centrum Informacji Turystycznej i Kulturalnej w Wałbrzych, 2012). The Thirty Years' War was naturally a period of hardship for the locals, but by 1818 the town was able to boast the first mechanized weaving mill in Silesia (Encyclopaedia Britannica, 2016).

Coal mining in the area had first been mentioned in 1536 and by the turn of the 19th Century Wałbrzych was an industrial centre, with coal mining and weaving flourishing, the addition of a glass works and a large china tableware manufacturing plant at the turn of the 20th Century further bolstered this. Given this history of Wałbrzych as a manufacturing centre it was perhaps more suited to being ruled by a communist government than other areas of Poland, certainly more so than the nearby Wrocław. Indeed, in the post war period districts such as Podgórze, Stary Zdrój and Biały Kamień were incorporated into the city limits, being joined in this by the newly constructed districts such as Piaskowa Góra and Podzamcze. However, how the city dealt with the post-communist transition is the main focus of this article. Following the collapse of communism in Poland the decision was made to close the coal mines, but in 1995 the oldest coal mine in the area (KWK THOREZ) was turned into a Museum of Industry and Technology (Urząd Miejski w Wałbrzychu, 2014). This is the period which will be focused on in the following pages, a period of great change where former centres of employment became museums and monumental change across the region and continent were acutely felt in a plethora of cities much like Wałbrzych. As Eastern Europe moved into the new post-communist reality, small and unfavoured cities like Wałbrzych faced a plethora of problems. Some of the issues which Wałbrzych faced, and where possible the root cause of said issues, are outlined below.

Wałbrzych: An Unfashionable City

Diener and Hagen (2013) note that “discourses of national identity have been pervasive as the varied conditions of post-socialism fuel wide-ranging campaigns to manifest specific cultural – political narratives through the urban landscape”. Indeed whole books have been written on the subject, such as: *Urban Eurasia: Cities in Transformation* (Brade and Neugebauer, 2017) or *Cities After Socialism, Urban And Regional Change And Conflict In Post-Socialist Societies* (Andrusz et al., 1996). However, which urban landscapes are discussed matters a great deal, it also reveals what may be the largest issue which Wałbrzych has had to face. Chapters focused on capitals like Budapest and Moscow (Andrusz et al., 1996); or articles on the problems of post-communist Bucharest (O'Neill, 2014), political tension over the post-communist renaming of streets in Warsaw (Tucker, 1998), or analysis of the gentrification Budapest (Kovács, 1998), reveal that some cities are fashionable to write about. Others are conspicuous by their absence.

In fact, what may be Wałbrzych's biggest issue is one which is intangible. A deeply unfashionable city which lacks any kind of prestige at all faces a different kind of struggle to those with more social capital. There are examples of cities which have experienced many problems but have managed to retain their reputations as cultural destinations even as problems mount, for example Prague or Russia's cultural capital St. Petersburg. However, for the majority of cities across the region this kind of social status is simply unattainable, no Wałbrzychesque city will be able to boast museums of the calibre of the Hermitage. That being said, not every single Wałbrzychesque city finds itself in quite such dire straits. According to a ranking of the quality of life across 66 cities, undertaken by the magazine “Polityki”, Wałbrzych occupied the very last place (Wałbrzyszek, 2014). The ranking included eleven categories which illustrated various aspects which together make up the general quality of life: housing conditions, income, work, community, education, environment, civil society, health, life satisfaction, safety and quality of self-government (Wałbrzyszek, 2014).

Wałbrzych's reputation problems actually extend across borders. Gazeta Wroclawska reported that according to an Austrian newspaper: “Wałbrzych is a poorhouse for the poor from all over Poland” (Królikowska, 2010). How Wałbrzych drew the attention of an Austrian newspaper is not exactly clear, but the author states that the city, only 400 km from Vienna, has been forgotten by the world (Królikowska, 2010). However, it is not the incredibly rare comparison with Vienna that hurts Wałbrzych so much, but one much closer to home. Jacek Harłukowicz writes of the contrast between Wrocław and *Wałbrzych* for Gazeta Wyborcza:

“Wałbrzych with its 120,000 inhabitants is the second largest city of Lower Silesia after Wrocław. There is only 60 km between them, but these are two different planets. Wrocław - beautiful, famous, democratic. Wałbrzych - depressed, neglected, twisted” (Harłukowicz, 2011).

The accompanying photo also does little favours for Wałbrzych. Crumbling facades, a common feature, fade away in places to reveal bare brick, a patchwork of window frames and doors. Everything from the potentially stray dog, centre shot, to the undoubtedly unsurfaced courtyard screams of a lack of planning and a requirement to make do. Whether such judgements are fair or not, they persist. They persist and they were central challenges for a Wałbrzych which could be prosperous. Such challenges were present, to varying degrees, in almost every other small post-communist town or city across the entire region.

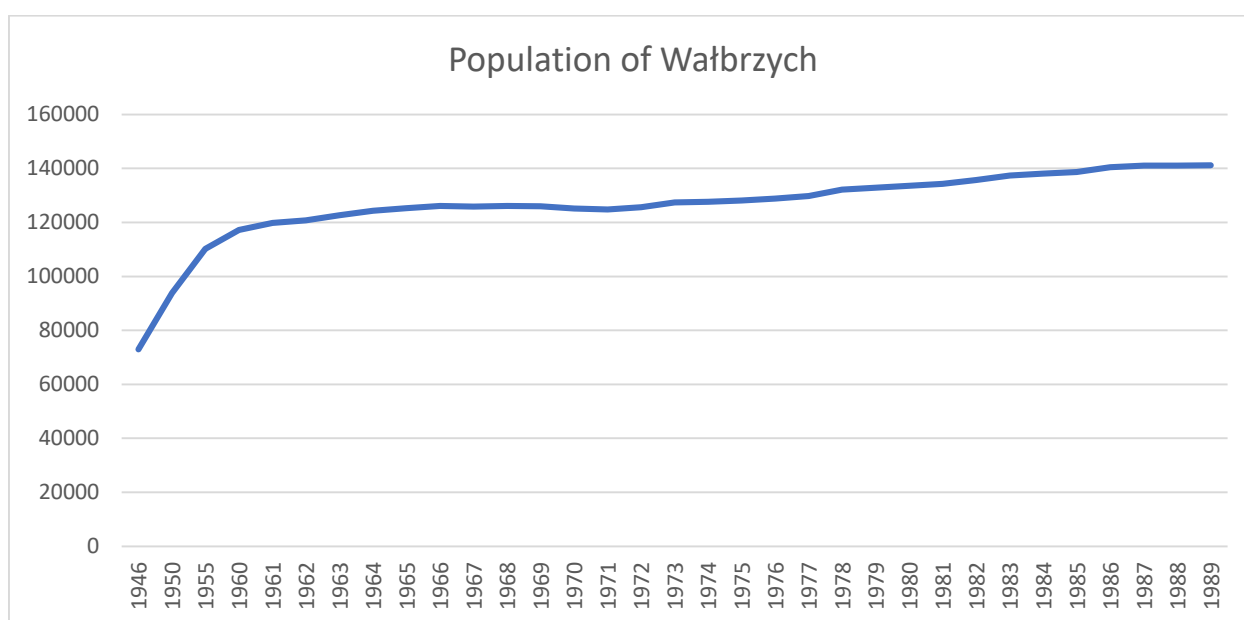
An Economic Structure Built for Communism

Communism changed the face of Eastern Europe, for better or for worse it transformed the entire region. The foundation for communism in Eastern Europe may have been Marxism and Leninism, but Stalin had specific ideas about what kind of development was necessary to realise communist utopia. Stalin stated that “not every kind of industrial development is

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industrialization”, continuing to specify that “it is necessary to understand by industrialization first of all the development of heavy industry in our country and especially of our own machine building industry” (Fallenbuchl, 1970). Prior to communism agriculture reigned supreme, Eastern Europe was made up of largely illiterate agrarian societies - but communism changed all that. At the time that these changes were being made to the makeup of the economies of Eastern Europe they were the subject of external observation. For example, the article *Industrial Changes in Eastern Europe* was published in 1950 in the academic journal *The Annals of the American Academy of Political and Social Science*. In this article the industrial plans of various Eastern European countries, the liquidation of private owners and the shifting of the locale are all described in detail (Lengyel, 1950). As noted by Ivan Volgyes (Volgyes, 1967), as he reflected on the huge changes which Eastern Europe had experienced, “whole segments of the population were uprooted and shoved into the cities and tools were forced into their hands”. While the same author goes on to note that the percentage of peasants had changed from over a half of the population to around a third, the focus on rural peasants distracts from the fate of the new working poor in the cities.

In the year 1950 Poland had an urban population of 9,243,000 and a national population of 25,035,000. However, by 1957 that had changed to an urban population of 12,977,000 and a national population of 28,537,000 (Osborne, 1959). At that time more than half of the urban population (53.5%) lived in large towns with more than 50,000 inhabitants, 28.7% lived in small towns, with populations between 10,000 and 50,000 inhabitants and the other 17.8% lived in 509 smaller towns (Osborne, 1959). As can be seen in the table below, Wałbrzych experienced huge population increases in the first decade or two of communist rule, but the rate of increase then stabilised and slowed. Wałbrzych like the rest of the country, and indeed Eastern Europe, had undergone a monumental societal change as the peasant population was moved into cities (GUS, 2013).



The government was not merely constructing a society in which rural peasants became urban working poor, they were also constructing a society in which the urban population was engaged in economic activities which were deemed worthy according to Leninism and Stalinism. As such Moscow played a role in shaping the Polish economy. The Polish-Soviet agreement of June 1950 tied the Polish economy more closely to the Soviet economy and while it opened up an enormous market of raw materials it also “effectively condemning Poland to long-term dependence on an economy with an extremely low propensity to innovate” (Paczkowski and Cave, 2003, p. 213).

At the same time as moving closer to the Soviet economy in trade, the Polish economy was also moved closer to the Soviet economic model. Agriculture, light industry and foodstuff were all underfunded in favour of heavy industry and raw materials. From 1948 to 1952 investment in agriculture fell from a ratio of 1:1.28 against industry, to 1:6.5 against industry. Light industry and foodstuffs accounted for nearly 50% of gross output in 1950, but received less than 12% of investment expenditure (Paczkowski and Cave, 2003, p. 214). While these changes would ultimately cause many problems for the Polish economy, in the short term it was not necessarily bad news for Wałbrzych, with its history of mining and manufacturing. However, the deeply uninnovative economy, would prove to be a huge problem when Poland tried to join the western world order after 1989. Nowhere would the problems of modern economy and increased mobility be felt more than small manufacturing centres like Wałbrzych.

Level of Unemployment

As was acutely understood at the beginning of transition, any move away from communism was sure to result in significant rises in the level of unemployment. The usefulness of the jobs that many were doing under communism had long been questioned (Ark, 1999; Bergson, 1992). Regardless of the usefulness, work was guaranteed. However, if that were to change then rises in

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unemployment were a certainty, perhaps they would be huge. The uncertainty and chance of families losing what little income and stability they had previously experienced was always going to be a monumental challenge to any transition. Such a change certainly saw the state change its stance on the morality of unemployment, the success of the transition depended on the individual citizen doing the same.

Firms were quick to adapt to their new realities, as Basu et al. (2005) found that, aside from transitory cross-national variations, firms swiftly reacted to the transition. Moreover, “the general finding that firms quickly started adjusting employment to variations in wages also provides an explanation why employment declined and unemployment rose much more in some countries than others”. However, if firms proved to be quick to adapt then the same cannot be said of all people experiencing the transition. While communist nostalgia has become something of a hot topic recently, especially in the context of trying to understand modern Russian political developments, it is by no means a new issue. Even in 1995 the plummeting output, skyrocketing inflation and mass unemployment were cited as reasons for such nostalgia (Partos, 1995).

It is also notable that youth unemployment has been particularly problematic in much of East-Central Europe, where reductions in public sector employment opportunities have reduced employment stability and security. Moreover, the status and pay has been reduced vis-à-vis the past and the present private sector. The majority of the new jobs created were either small, locally owned and managed enterprises or in the grey sector, neither of which offers much security or ideal working conditions (Roberts et al., 1999). The same paper warns against the temptation of quick fixes, stating that the young unemployed cannot be treated as the problem and over a 10-15 year period career routes must be upgraded (Roberts et al., 1999). Naturally, for many politicians with re-election as a constant motivating force, the urge to avoid quick fixes is difficult to overcome. Whether or not they did so successfully is seen in later sections. Unemployment levels were always likely to be one of the main barriers to successful transitions, but also one of the main barometers for judging the success of transition.

Misskilled Labour Force

As previously discussed, the communist economic structure had some inherent problems and went on to experience considerable malaise. However, this was not just important at the level of the national economy, or even the international communist economy, but for the individual workers. Winięcki (2008) highlighted that the previous favouring of low skilled workers left transitioning countries with a large excess supply of low-skilled workers and a high demand for better skilled workers. However, as Rutkowski (1996) noted, within a year of the beginning of market-oriented reforms, inequality in earnings had increased markedly as skills acquired under the old system lost their value and white collar skills became increasingly valuable. Nevertheless, more than twenty years after the transition had begun some mismatches persisted. Perhaps unexpectedly given the studies of Rutkowski and Winięcki, Kiersztyn (2013) found that overeducation was a skills mismatch which had been persistent between 1988 and 2008. xx

Such overeducation represents the common disservice of calling the workforce educated and trained under communism unskilled. When in reality much of the workforce was highly educated and very able to meet the demands of working with limited resources and outdated technology. Undoubtedly no mean feat. However, as the previous studies have shown they were seriously misskilled for the new economy which was rapidly developing. Indeed, some studies have shown that formal overeducation in transitioning economies can be part of the skills mismatch, especially as it limits flexibility (Kupets, 2015). Economic restructuring in transitioning countries has, generally, resulted in certain skill shortages and surpluses of others. The fact that skills have emerged as a central concern of these transitioning countries has been noted by many authors (Greener and Greve, 2014). This phenomenon is sometimes referred to as a “skills gap” and sometimes it is referred to as a “skills mismatch”, but there is a general acceptance that the phenomenon itself exists and has been established to be more problematic for transitioning countries than developed ones (Greener and Greve, 2014).

Skills gaps are not only present in the private labour market, it also affects civil servants and their ability to deliver good governance. For example, in Russia attempts to close skills gaps have been undermined by a plethora of programmes provided by different institutes, with little coordination between them, while ties to communist-era institutions persist (Nunberg, 1999). A city such as Wałbrzych with limited resources, certainly nothing comparable to the Russian state, the challenges of retraining both the private and public workforce were considerable. There was little room for any waste and many programmes and schemes may have been administered locally, but were designed in the distant cities of Warsaw or Brussels.

Competitive Disadvantages

Studies of the competitiveness of post-communist countries often focus on the national level (Šuštar, 2004), or perhaps compare different regions within a state (Enyedi, 2009). The second of which is more relevant to the competitive disadvantages of Wałbrzych, which manifest themselves in multiple different ways. Arguably, the most notable is the brain drain as it reveals the competitive disadvantage of Wałbrzych vis-à-vis both other cities in Poland and other countries. This even further compounds the issues of a misskilled labour force. Sometimes the appeal of foreign countries pulled skilled labour away from Poland and other transitioning countries, this was particularly true after EU membership was secured in 2004. However, the issue is compounded for cities like Wałbrzych which have further issues stemming from their poor reputations and low levels of prestige. This puts such

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cities at a competitive disadvantage against other cities in the country or even region. Thus, the brain drain issue exists on multiple levels: both abroad and at home.

Firstly, in terms of the brain drain abroad an interesting change occurred whereby initially following Poland's joining of the EU on 1 May 2004, the main concern was for how countries would manage to absorb the large numbers of Polish migrants. This concern has since been redirected to focus on the consequences on Polish economy and society (Kaczmarczyk, 2010). While brain drains usually affect skilled workers there was also the issue of many lesser skilled workers also leaving to seek better pay and conditions abroad. Kiersztyn's (2015) study found that low pay was incredibly persistent in Poland. That is to say that:

“throughout the studied period, having a low wage job raised the probability of experiencing the same situation five years later. Since years can be considered sufficient time to exit poverty-level wages, this study is to offer rather conservative estimates of low pay”

Therefore, if an individual is unlikely to escape from a low wage job by staying, there is incentive to seek to escape this situation by emigrating. Once again competitive disadvantage manifests itself in a way which is likely to drive people out of Poland, but particularly out of cities like Wałbrzych where higher paying positions are less likely to be found. The relationship between internal and external migration was discussed in detail by Kupiszewski, who argues that as regions in Poland with high internal outmigration have low international outmigration, there is a process of substitution of commuting and internal migration with various forms of international migration (Kupiszewski, 2005). However, for a city like Wałbrzych, which faces both, it is unclear whether one kind of outmigration is more advantageous than the other. Generally, small town Poland has been noted to face issues with informality and migration, especially in locations afflicted by high levels of local unemployment and lower than average wages (White, 2016), exactly the experience of Wałbrzych.

In addition to the issue of migration is the issue of competition in the arena of business. The external brain drain, mostly to the West, is and was a symptom of a larger disparity with the West in general. Competition with western companies was a concern for workers as the end of communism approached. The non-competitive nature of Polish industry was such that any opening up to Western, or even Asian, competitors was certain to be costly. Overcoming the economic costs proved to be easier than overcoming the associated social issues (Aluchna, 2007). The fact that many industries came to be dominated by foreign companies has caused some controversy domestically, potentially creating a situation where individuals feel some divergence in priorities between themselves and the state. Poland's sugar production is relatively high compared to its European counterparts (Smutka et al., 2018), even this potentially advantageous area has become an oligopoly, dominated by German companies (Szajner, 2015). The reaction to such cases ranged from those who believed that there were conspiracies to strip Poland of assets to those who felt that even successful sectors of the Polish economy could not compete with their capital rich and more efficient European neighbours. In the case of Wałbrzych the clearest sign of the uncompetitiveness of the local industry was the closure of the mines which cost the jobs of 17,000 miners (Maciejewski, 2015). The matter remained deeply divisive and controversial in the area to this day, with the early plans of gradual closures over 10-15 years and restructuring of the labour market failing to materialise (Szałkowski, 2010). The lack of competitiveness from Polish industry and high levels of unemployment also meant that Polish workers were in very weak positions vis-à-vis their large foreign employers. One of the most prominent examples, at least in Wałbrzych, was the case of Toyota; trade union disputes, low pay and generally unsatisfactory working conditions persisted, with workers struggling with little leverage (Karbowiak, 2016).

In more recent times Ukrainian migration to Poland has been noted both due to the large number and its increased importance (Brunarska et al., 2016; Jaroszewicz, 2018). Wałbrzych has been no exception, with it being noted in the local media that they are a vital part of the local workforce who have assimilated easily due to the similar culture (Wałbrzych24, 2018). There are some differences and the building of an orthodox church in the city is one such sign (Szałkowski, 2018). Despite the competitive disadvantage which saw much of the 1990s and 2000s concerned with outward migration and associated problems, the 2010s have seen Ukrainians attracted to the city. While the city may never be described as a metropolis like its neighbour Wrocław, it does seem that Wałbrzych succeeded in turning a corner. The next section considers how Wałbrzych went about combating the issues outlined up to this point.

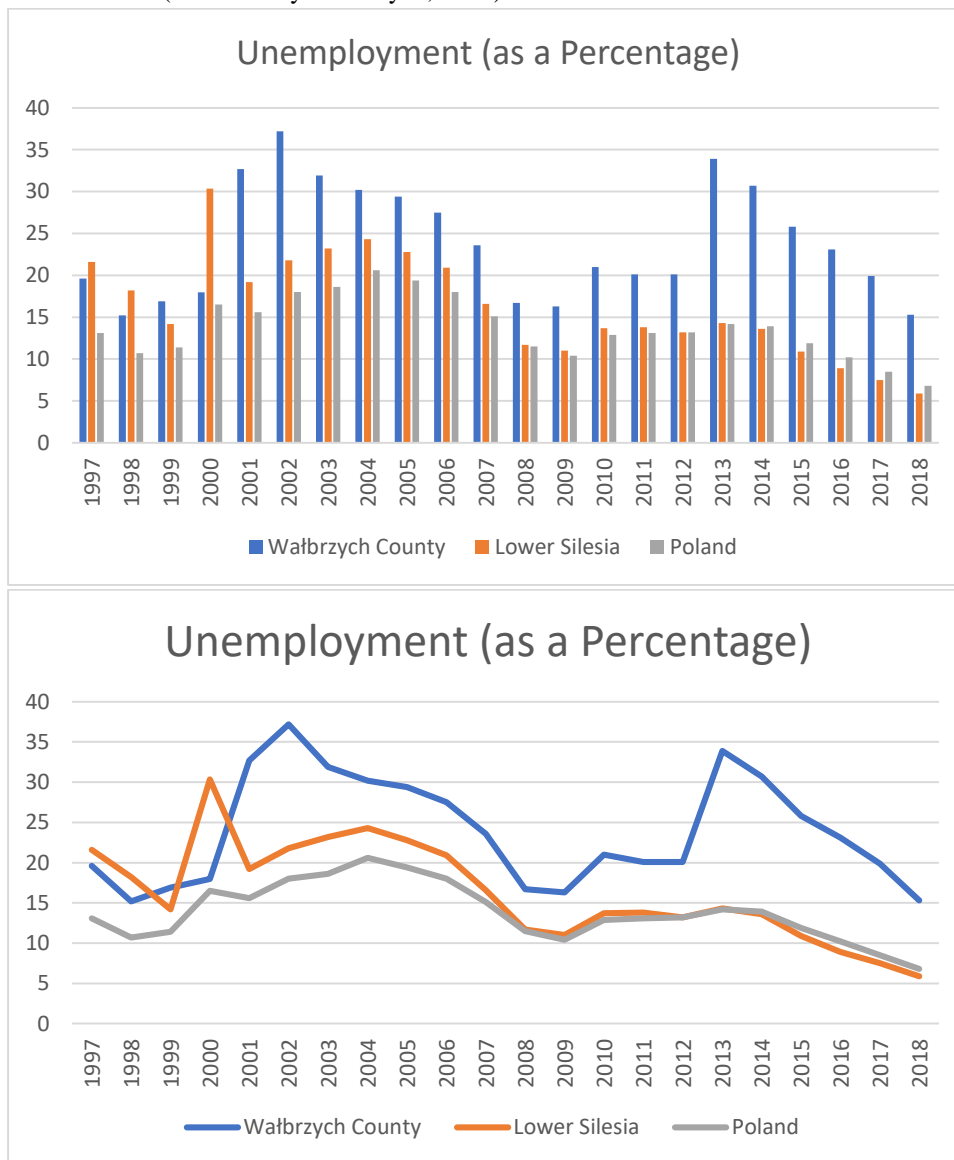
Combating These Issues

The main debates which dominated national politics in the early stages of the transition were focused on what came to be termed shock therapy versus gradual transition. The core question was how quickly changes should be made to the economy. Balcerowicz's shock therapy (Johnson and Kowalska, 1994), not a term that he himself coined or has ever shown much enthusiasm for, eventually won out. Although history would go on to support most of his assertions, contemporary debates have asked whether shock therapy or hard budget constraints are more important and whether policies or institutions matter more (Abrams and Fish, 2015). At the time the debate was heated and support for Balcerowicz's plan was far from universal. The details also proved to be troublesome, how to privatise? Perhaps a voucher scheme, perhaps shares should be assigned to workers, maybe everything should be available on the open market. The analysis of different methods employed has long been a rich vein of literature, from within the first decade of transition (Williams and Balaz, 1999) to more contemporary examples (Douarin and Mickiewicz, 2017) there has been continued interest in the methods and speed of privatisation. Other questions such as whether foreigners ought to be allowed to purchase land

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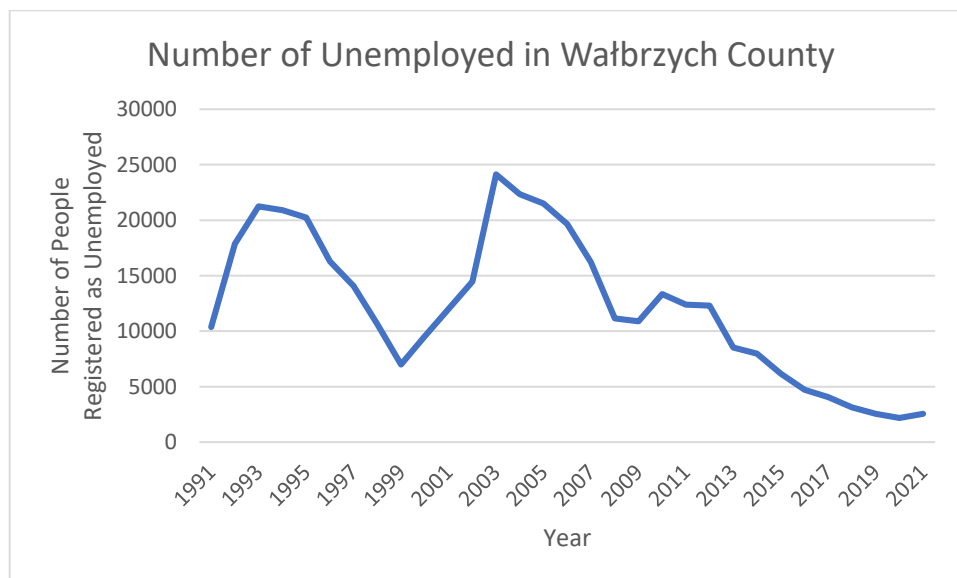
or businesses were also met with no simple answers, but once again produced considerable literature, including entire books devoted solely to the topic (Artisien et al., 1993). Such policy decisions tend to be taken far away, but manifested locally in small towns all across the region.

As outlined above, Wałbrzych also faced their own issues, both caused by and far removed from these national issues. It was a fate shared by so many small cities and workers around Eastern Europe at this time. Waiting to see which businesses would survive, which mines would be closed, who would take control of the privatised organisations. It was clear that issues such as a lack of prestige, uncompetitive economic structures and likely incoming high unemployment levels were going to present huge challenges to the city and its inhabitants. If Wałbrzych is to act as a microcosm for post-communist transitions then how they dealt, or attempted to deal, with these issues must be traced. However, it must be noted that none of the issues outlined above exist in a vacuum, they were very much developed hand in hand. Unfortunately, it is difficult to measure any attempt to combat the selection of issues which Wałbrzych faced. The most obvious starting point is the changes to levels of unemployment. Uniform data on unemployment levels as a percentage are only available from the year 1997, but there are some interesting trends which can readily be observed in both the table and chart (Urząd Pracy Wałbrzych, 2021).



Firstly, Wałbrzych has mostly faced a higher level of unemployment as a percentage than the rest of Poland and Lower Silesia. This further affirms the earlier assertions that such cities tend to face different challenges than the rest of the country. It also reaffirms much of the earlier statements about economic structures and technologies which were unfit for the post-communist era. Secondly, while there are increases and decreases in the percentage of unemployed people in Wałbrzych county there is not an overall negative trend. Certainly, there is reason to believe that the unemployment percentage reflects either a tendency to move out of the area or for more employment opportunities having become available. Although, it is notable that this is more visible in the number of unemployed, rather than the percentage of unemployed (Urząd Pracy Wałbrzych, 2021).

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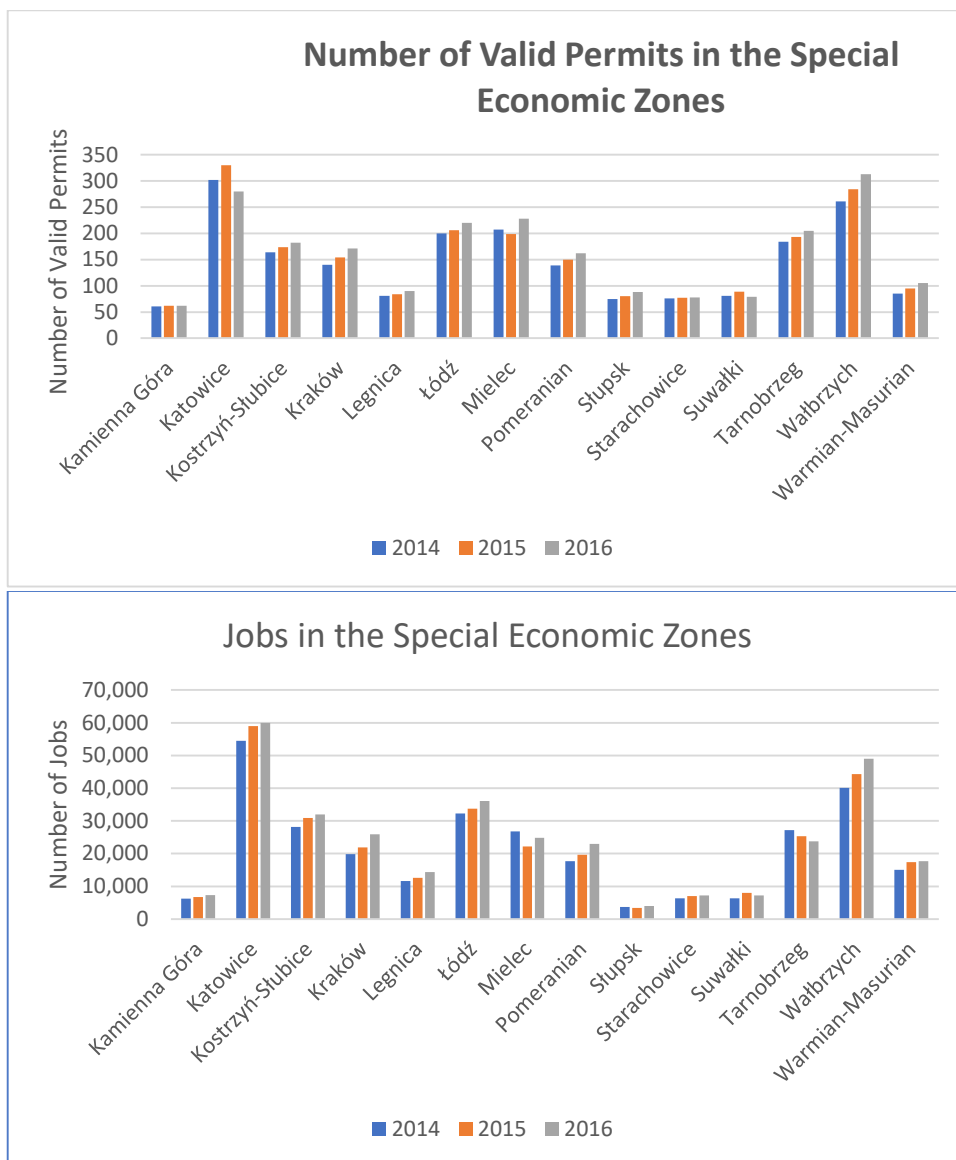
While there is of course fluctuation, by 2018 the actual level of unemployed people was far below that of 1991 and even of the mid-2000s.

The number of unemployed people in Wałbrzych, a notoriously unfashionable area, was reduced but the question is how was this achieved. How did an area which had an uncompetitive communist economic structure, problems with unemployment levels as well as a mis-skilled labour force, facing the prospect of brain drains and much stronger western competitors manage to successfully reduce unemployment? Firstly, it must be noted that the population of Wałbrzych has fallen from 141,139 in 1989 to 118,545 in 2013, a 16% decrease in population (GUS, 2013). It would not be correct to consider this the defining feature of Wałbrzych's fall in unemployment levels, but it would also not be correct to dismiss it as insignificant. As discussed above, the attraction of other cities and other countries was a huge challenge for many cities in the region, as many of their best and brightest simply left for better opportunities. However, a declining population does not automatically lead to lower levels of unemployment, there are less consumers for a start. Therefore, some of the ways that Wałbrzych tried to combat the aforementioned issues are discussed below.

The role of cities and regions in boosting labour skills is often noted by the CoR and the EU in general. For example, in 2017, Markku Markkula, the President of the European Committee of the Regions, stated that cities and regions are often the ones responsible for education, training and employment and as such have an important role to play. (European Committee of the Regions, 2017). However, Wałbrzych had already drastically reduced unemployment prior to 2017, and if one policy decision stands out among all the others then it must be the decision to create The Wałbrzych Special Economic Zone. According to the Polish Investment and Trade Agency, which is a government agency, the potential advantages of The Wałbrzych Special Economic Zone include:

- “income tax exemptions,
- attractive investment land,
- a strategic location in Central and Eastern Europe,
- 66% of the population of working age (specialized workers, academic centres),
- opportunity for rental of existing premises” (Polish Investment and Trade Agency, 2017)

The effect of the zone was considerable, as noted by the Central European Financial Observer. As can be seen in both the number of valid permits and the numbers of jobs created, Wałbrzych is one of the main beneficiaries of the special economic zone policy (Grzegorzczak, 2018).



These benefits notwithstanding, there are several concerns regarding special economic zones. Firstly, they represent something of a race to the bottom, a risk which has been highlighted in the region in general (Appel, 2011) and on a more localised scale (Meardi et al., 2013). Poland is far from the only country which embarked on such a development policy; for example, neighbours Lithuania also implemented such a policy direction. Indeed, the strategy has many benefits for investors, some of which can be seen below (ECOVIS ProventusLaw, 2016). Naturally, such countries must compete with each other to attract investment, as outlined in great detail above, some areas face more challenges than others in their attempts to attract investment or create jobs. However, such special economic zones may encourage, or force, depending on the point of view, a race to the bottom in which locals fail to benefit in any meaningful way. In this way the solution to the problem of high unemployment creates problems further down the line.

Benefits for the Free Economic Zone Investors
<ul style="list-style-type: none"> 0% corporate tax for the first 10 years
<ul style="list-style-type: none"> 50% discount on corporate tax over the next 6 years
<ul style="list-style-type: none"> 0% tax on dividends
<ul style="list-style-type: none"> 0% tax on real estate

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<ul style="list-style-type: none"> Available EU financial incentives 		
Tax	In Free Economic Zone Territory	General rate in Lithuania
Corporate tax	0% (first 10 years)	15%
Corporate tax	7.5% (other next 6 years)	15%
Real estate tax	0%	1%
Dividend taxation	0% (for foreign investors)	15% for individuals

Secondly, there are doubts about the longer term viability of special economic zones within the EU, as there has been speculation that the EU has set their sights on the tax privileges of special economic zones (Kirwin, 2017). Whether the EU really does move to restrict them, they were not intended to be long term solutions and that is why they were required to be renewed after every twenty years. Bandelj (Bandelj, 2010) argues that the EU didn't affect FDI in the way that is usually presumed, by reducing risk for investors, but conversely it encouraged post-communist states to actively seek FDI. However, if they break EU rules in seeking to attract FDI then they may well find themselves having trouble with the exact union which had encouraged the seeking of FDI in the first place. It also highlights the limitations of Wałbrzych's position vis-à-vis national governments, and vis-à-vis supranational governments.

If the The Wałbrzych Special Economic Zone may fall foul of the EU and its desire to have relatively uniform taxation across its entire territory then the local revitalisation programme, built with EU cooperation, is certainly more palatable for decision makers in Brussels. In truth, there hasn't been only one revitalisation programme for Wałbrzych, but several which have developed over the years with various national and supranational cooperation. The "Local Revitalization Program of the City of Wałbrzych for 2004-2006 and the next", was adopted by the local government of Wałbrzych in 2004. This programme was for the years 2004-2006 and aimed to deal with some of the huge socioeconomic challenges and renew some of the degraded areas (Urząd Miejski w Wałbrzychu, 2015).

"The Local Revitalization Program of Wałbrzych for the years 2008-2015" was adopted in 2009 and included PLN 46 million, of which Almost PLN 28 million EU under the Regional Operational Program for the Lower Silesian Voivodeship for the years 2007-2013 (Urząd Miejski w Wałbrzychu, 2015). In 2014 Prime Minister Donald Tusk pledged PLN 150 million for the revitalisation of Wałbrzych, asserting that it is one of the three most important areas in the plan and that the whole spatial order would be renewed (The Chancellery of the Prime Minister, 2014). Given the image of Wałbrzych as a crumbling city, even clearly displayed as such in the *Gazeta Wyborcza*, but in many other places besides, this renewal of the spatial order could go a long way to tackling issues related to the lack of prestige which Wałbrzych can boast. Then in 2015, Prime Minister Ewa Kopacz praised the revitalisation work which had already been done. The Old Mine Science and Art Centre was praised as an example of revitalisation of industrial space for cultural, historical, educational and social purposes, with Kopacz stating that the "aim of this place will not only be to remind the history, but also to develop culture in the city" (The Chancellery of the Prime Minister, 2015). The Sejm (Polish Parliament) adopted a law defining the revitalisation process which included the creation of a special regeneration zone in the revitalized areas and the adoption of a local revitalization plan (Gliwiński, 2015). Clearly the difference made in cities like Wałbrzych had encouraged the national government to implement in the idea nationally. However, it is notable that large amounts of funding came from the EU, which may well not continue in the future, as if Wałbrzych becomes a less deprived area it will likely receive less funding. As with many smaller cities across Central and Eastern Europe, EU funds have been vital, but an overreliance on such funds is something which must be guarded against. Generally, there are concerns regarding the effect that the solution of the special economic zone may have on creating more low paying employment, which does little to combat outmigration, but has shown short term signs of success to this point.

CONCLUSION

This article began by noting the opening up of post-socialist spaces perhaps due to the timeframe, but that does not imply that it is wholly a "transition" phenomenon. Moreover, most studies have taken different objects of study and there can be no doubt that focusing on a small unfancied city in transitioning post-communist Europe allows for a different view, than traditional ones which tend to focus on national statistics or larger urban areas, or even rural areas. Just as Norman Davies and Roger Moorhouse did in *Microcosm: Portrait of a Central European City*, by seeing Wałbrzych as a microcosm for a specific, albeit rather shorter, period of history some insight into the struggles which the city faced and how they overcame these struggles can be garnered. Despite

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facing considerable challenges, the picture seems to have become more positive over time, with unemployment falling and the city even managing to attract workers from abroad.

Some factors are hard to assess, for example, the importance of Wałbrzych's close proximity to Wrocław and its jobs market. However, the role of The Wałbrzych Special Economic Zone and revitalisation schemes are clearly central to the relative success that Wałbrzych has managed to experience. In overcoming considerable challenges (a lack of prestige, uncompetitive communist economic structures, a missskilled workforce and competitive disadvantages), other problems were undoubtedly created. Specifically, a race to the bottom against other special economic zones and a potential over reliance on EU funding, both which may encourage outward migration. However, even in the problems created by the solutions Wałbrzych continues to serve as a microcosm for so many other similar cities with similar experiences. Furthermore, it cannot be denied that the city and the inhabitants of this city are in a vastly better position than they were 30 years ago. Wałbrzych and so many cities like it will never be a London, a Berlin or a Paris. This is precisely why such a city and its struggles and overcoming these struggles is able to act as a microcosm for post-communist transitions in cities across the region. It is also precisely why it merits studying.

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