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**HISTORY OF BUSINESS PLANNING IN THE POLISH
EXTENSION SERVICE DURING TRANSITION TO A
MARKET ECONOMY**

BILL R. MILLER

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Bill R. Miller

Bill R. Miller is a Professor of Agricultural and Applied Economics, Department of Agricultural & Applied Economics, The University of Georgia.

Dept. of Agricultural & Applied Economics
College of Agricultural & Environmental Sciences
University of Georgia

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Bill R. Miller

Department of Agricultural and Applied Economics

University of Georgia

Athens, GA 30602-7509

bmiller@agecon.uga.edu

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Preface

My intent in developing a case study article on business planning in Poland was to document a complete story which encompassed far more than I reported in my journal article, *Amer. J. Agr. Econ.* 77, August, 1995, (462-470). In particular, I wanted to preserve the names of American advisors, Polish advisors and Polish Professors who made it work. Ground-breaking cooperation was established between the academic community and extension advisors in Poland.

Those familiar with the Central and Eastern European academic community were quite astonished to see Professors setting in classes taught by extension advisors and co-teaching in workshops led by extension advisors. Business planning probably did more to revitalize extension and support privatization than any other activity we supported in Poland.

Bill R. Miller, April 28, 1998

Introduction

In August of 1989, the government of Poland began a unique experiment to replace its centrally planned economy with a free market and a democratic society. A policy of central planning and control was replaced with what became known as economic shock therapy. Shock therapy was the implementation of macroeconomic concepts common to the rhetoric of free market economic principles. The concepts were clear and relatively simple:

1. Remove all price controls;
2. Remove subsidies on major inputs to production such as gas, coal, and chemicals and electricity. Curtail, but not remove, subsidized interest rates;
3. Promote privatization with legislation and tax incentives;
4. Cut deficit spending by government to less than five percent;
5. Privatize selected state owned industries, including 8,800 enterprises and 2,300 farms.
6. Open the borders for relatively free trade.

These reforms were based on broad political support of Leszek Balcerowicz's Solidarity government which replaced longtime rule by the Social Democrats (often referred to as the Communist Party). Political support for economic revolution began to wane, however, as the reality of economic transition began.

Rapid inflation followed removal of price controls. According to Poland's national statistical service (GUS), inflation rose from 24 percent in 1989 to 584 percent in 1990. Unemployment, previously illegal, began rising to 25-30 percent in some areas. Loss of significant subsidies on coal, 49 percent, gas, 83 percent and electricity, 27 percent, had quick

impacts on increased costs of other inputs such as fertilizers, pesticides and tractor production which also lost their subsidies. The cost of all subsidies to agriculture had been as high as 27 percent of the state's budget before 1989 (Ragland and Kukula).

Negative productivity results began occurring almost immediately when subsidies ceased. Industrial production began to drop in large state owned firms such as steel and state farms. Industrial output dropped by only 3 percent in 1990, but by 1991 had plummeted downward by 22 percent. By 1991, state farms, general crop and livestock enterprises averaging 1,782 hectares in size, were costing the Treasury millions of dollars per year and dairy herds, mostly state's farms, were being liquidated. Support of state farms was estimated to have cost the Polish Treasury \$787 million during 1990-93 (Miller and Wojciechowski). Unsubsidized interest cost for farm credit was prohibitive and the national agricultural bank (BGZ) was, in fact, bankrupt by balance sheet standards and alive only by the will of the government.

A significant and positive aspect of transition was the resiliency of private farms that not only survived but emerged as a social safety net for the unemployed. At the beginning of transition, 1989, about 76 percent of total agricultural land, about 14.4 million hectares, was owned by private farmers (World Bank). These farms averaged 5.3 hectares in size, were generally debt free, and, in many instances, supported three generations of families. As many as 13 million people, about one-third of the population, are believed to have been totally or partially supported by 2.7 million private farms and 800 cooperative farms (averaging about 500 hectares each (World Bank)).

The clear and simple prescriptions of shock therapy set the stage for transition by putting the spotlight on state firms that were not competitive and not productive in a market economy;

but, at the micro level, the concepts of transition to a market economy were neither clear nor simple. The transition environment for firms at the micro level could only be described as chaotic. Managers were exposed for the first time to price and business risk. The state monopolies had previously contracted (bought) any level of production at fixed prices and furnished credit necessary for maximum production. Polish agriculture was vulnerable in the new environment where input costs were rising because of lost subsidies and state contracts and where nominal interest rates were rising in excess of inflation.

Prices of agricultural products were depressed by competition from low cost foreign food imports which were rising (i.e., broilers from the U.S. and ultrapasturized milk from western Europe). Poland's markets to the east had been lost as the bankrupt central monopolies of the former Soviet Union were unable to continue their former levels of purchase. The COMECON (Council for Mutual Economic Assistance) trading agreements among the former Soviet states were abolished. Poland, already a net exporter of food in the old system, had surplus food in a time of rapid and warranted economic adjustments in prices, interest rates, and international free trade. Competitive forces and the realignment of prices contributed to loss of production (i.e., dairy) but, on the other hand, increased domestic food surplus in the face of increased food imports. Poland, with its own significant broiler production, became the fourth largest export market for U.S. broilers in 1994..

Farmers and agribusiness firms quickly adopted free market terms and described "marketing" and "finance" as their principal problems. Unfortunately, Polish "marketing and finance problems" were misunderstood as the legitimate children of reform and free markets rather than the legacy of a centrally controlled economy in final collapse. This general fallacy of

interpreting economic events as political soon came to haunt the Solidarity government. The Solidarity movement began to be criticized and splintered. By September elections in 1993, none of the various splinter parties of Solidarity could gain five percent of the parliamentary vote required for seating party delegates.

The new Social Democrats, or so-called post-communists, took advantage of the five percent rule. Under the rules of 1993, still current, a political party which did not receive five percent of the total vote was barred from gaining membership in parliament. All parties receiving more than five percent took a pro-rata share of parliament seats. The splintering of Solidarity contributed to a large number of parties running, 27, and the resulting failure of many to receive five percent allowed the Social Democrats, or post-communists, to gain parliamentary control. With only about 20 percent of total vote, the Social Democrats joined with the Peasant Party, second in voting, in a coalition to gain a pro-rata majority of parliamentary membership. President Lech Walsea, who led the Polish revolution, was defeated two years later.

U.S. Response

Some of these problems were anticipated. U.S. Secretary of Agriculture Clayton Yeutter was asked to tour Poland in late 1989 as the first step in implementation of SEED ACT (Support East European Democracy) funding of one billion dollars. One outcome of that visit was a decision to establish the Polish-American Extension Project. The emphasis on extension over research was chosen because the relatively useful agricultural research was not being distributed very well. Poles were concerned about losing an Extension Service that had deep roots in Polish agriculture. Polish Agricultural Chambers, established prior to World War II, had been replaced with "Centers for Progress in Agriculture," or Wojewodzki Osrodek Postepu w Rolnictwie. By

1989, these organizations could no longer be supported by the Polish State and were reorganized in 1990 as Osrodki Doradziwa Rolniczego, or Agricultural Extension Service Centers. The Ministry of Agriculture Poland was replaced by the provincial governor's office as the principle administrative unit. Forty nine new provincial directors were hired based on competitive qualifications, state farms attached to the Centers were separated and targeted for privatization, and the staff of the Centers was reduced by approximately 50 percent. A high level of dissention and anxiety existed among the remaining Extension personnel and among farmers.

The Polish-American Extension Project (PAEP) was to provide a new model of leadership in a democratic society and market economy and was seen as a joint effort of the United States Department of Agriculture Extension Service and the Ministry of Agriculture in Poland (Yeutter, et. al.). Joint planning by these agencies resulted in a decision to send two-person teams of U.S. advisors to work with counterparts in the Polish Extension Service (Ośrodek Doradztwa Rolniczego (ODR)) located in each province of Poland. The first six teams arrived in June, 1991 and more than 100 American advisors subsequently worked on the project which ended in December 1995. The project was a broad ranging activity including development of scientific crop and livestock advisory, publications, national and provincial citizen advisory boards, mini grants, youth business clubs and 4-H clubs, but approximately half of the total effort was in the area of business planning (Jennings) where the problems were clear, but the solutions were not.

Some of the early methods of teaching business planning and successes of business planning in the Polish transition economy have been described by Miller et al.. Miller et al. describe the basic business planning curriculum, the participants, and some results, but this paper documents final results and their relationship to the financial policies of the Polish Ministry of

Agriculture and U.S.-Polish leadership at the national level. Policy leadership and teaching expertise were required to bring Polish agricultural university professors and extension advisors together in a unique teaching effort, called business planning centers.

Need for Expanded Business Planning

Data provided by Polish farmers and advisors for basic business planning included equipment and input requirements for a restructured farm - a new enterprises - or similar technical requirement in small processing firms for milk and meat. Generally, local knowledge of a wide range of modern technology was excellent. Data on market demand and prices was almost nonexistent and proved to be a major deficiency in planning. Developing new workshops for marketing and analysis of prices and price reporting was given high priority.

Data on credit terms were available and nominal interest rates of 45-50 % were common. The business risk resulting from the lack of a market and the high nominal interest rates resulted in business plans that were not feasible in the first workshop. In the second workshop, however, several plans using high levels of equity capital were developed and subsequently carried forward. High equity was a key pre-requisite for success in the absence of a workable banking system even though Poland began the transition with a national agricultural bank (BGZ) and approximately 1,600 rural cooperative banks. The rural banks were simple storehouses for local cash. They had no experience and little desire to supply “collectable” or “hard” credit to risky agriculture and agribusiness in a market economy. Those who were willing had costs of supplying money that were far above a competitive level of interest rate. The bankrupt national bank, BGZ, was the traditional supplier of “soft” credit and was little more than a central planning tool to maximize production. Training bankers and farmers together in farm management and farm finance

workshops was identified as a high priority for a new workshop. Csaki and Penn found similar issues in other eastern and central European countries.

Following the first workshop, Miller and Rusk identified Polish Advisors who would be lead teachers in future workshops. In the last workshop, held in 1991 only four months after the first one, Olsztyn and Płock advisors taught more than half of the material used in that workshop. A determining factor for future workshops was the skill that Polish Extension Advisors exhibited in understanding the teaching materials and adopting the interactive method of teaching. Polish Advisors also began identifying professors in eight Polish agricultural colleges who could help them in new workshops that were needed.

Funding for Expanded Business Planning in 1992

The business planning workshops were recognized as a key process for transition of farms and agribusiness into a market economy. Accordingly, the project manager reduced the number of teams being sent to the provinces during the first six months of 1992 to retain Miller and Rust for teaching workshops throughout Poland. Grant requests for supplementary business plan efforts were eventually funded for \$1,600,000 by the Emerging Democracies Fund. These funds were matched in Poland by counterpart Polish funds from sales of donated U.S. commodities to develop the business planning system and helped to send five or more teams to the provinces every six months until the end of the project.

During the summer of 1992, two events occurred that significantly affected the future of PAEP business planning. The first occurred in a hallway of the second floor of the Ministry of Agriculture following a briefing for Ministry officials. Włodzimierz Rembisz, Professor at the Warsaw School of Economics and a principal advisor to the Ministry, described a new debt

restructuring program for agriculture (eventually known as the Agency for Restructuring Agriculture (ARMA)). During the briefing Rembisz expressed concern for the necessity of identifying bona fide farmers who could qualify for debt restructuring. After the briefing, John Ragland, spoke to Rembisz in the hall and told him that ODR Advisors had been trained in business planning by PAEP and were ready to take on the job of assisting the Ministry in debt restructuring. Rembisz accepted this advice and since that time the ODRs have been heavily involved in assisting debt restructuring via their business planning efforts.

The second event affecting the future was a national conference sponsored by Edward Matuszak, Director of the Poznan Center for Extension Education. Director Matuszak invited 17 ODR Directors representing all of Poland to meet and evaluate current work and to make recommendations for future educational programs to support business planning. The Directors specified 10 possible areas of expanded work and asked Director Matuszak to carry out a national survey of all ODR Directors to determine the highest priorities for advisor education. The survey reaffirmed that marketing and finance as the top priority areas and expansion of business planning workshops began with new marketing and market research workshops in Lublin and in Olsztyn.

Expansion of Business Planning

In 1993, PAEP expanded the Business Plan Training to include linkages with Polish agricultural universities. The original Basic Business Plan Training introduced all aspects of either beginning a new business or making a new investment. As a result of the Matuzak survey, five additional Business Planning Centers were eventually formed in the areas of (1) market plans, (2) market research, (3) agricultural finance, (4) farm business planning and (5) market systems analysis. Each center had a special area of expertise, but all centers taught business planning.

Teaching materials in each center were jointly planned and executed in a workshop by a team of Polish ODR advisors and Polish agricultural university faculty assisted by an experienced agricultural economist from a U.S. university. In each of the Centers, an agricultural economist advisor spent three months assisting with development of teaching materials and preparing the first workshop. During the latter part of 1993 and in 1994, new workshops were repeated throughout Poland by specially trained Polish university professors and Polish extension advisors. Faculty of the agricultural universities in Lublin, Olsztyn, Poznań, Kraków, Wrocław and the technical university in Kielce taught in the workshops.

Users of the business planning workshops could choose the one(s) most appropriate for their particular need. The entire system, as developed by the author between 1992 and 1995, was called "The Advanced Business Planning System" and was arranged in a logical sequence (Figure 1). Advisors could take the entire sequence offered in eight workshops at six different locations in Poland. Faculty at five agricultural universities cooperated with ODR's in their respective areas to offer these workshops. Perhaps the most important support for Polish advisors was the continued teaching of business planning by U.S. advisors who came to Poland for six months of work as part of a two person team in a local ODR. A list of U.S. team members who taught some aspect of business planning is found in Appendix I.

Participants and Recent Results

Basic Business Planning Center at Płock

The Płock workshop is the oldest in the system and is the only workshop not associated with a university; however, the early successes of Elżbieta Formańska and Eva Chojnacka provided them with national stature and led to invitations to present workshops for professors in the agricultural universities at Krakow and Poznan. Their workshops captured the attention of the academic community and stimulated similar work in the academic ranks. Charles Rust, Montana State, and Bill R. Miller, University of Georgia, provided initial guidance in development of workshop materials (Business Plan).

* From June of 1994 to June of 1995, the Center prepared 17 business plans whose investment value ranged from \$130,000 to \$1,740,000 each; 15 of these are in operation at this time.

Market Research Center at Olsztyn.

Alecija Dokorno, an instructor in the first Olsztyn workshop in 1991, used a staff of teachers from two ODR's (Gdansk and Olsztyn) and two Universities (Agricultural University in Olsztyn and Świętokrzyska Polytechnic in Kielce). The U.S. economist, who participated in initial development of teaching materials, was Devon Bailey, Idaho State University assisted by Stanislaw Pilarski and Szczepan Figiel, Agricultural University, Olsztyn. Stanislaw Pilarski is now a principle teacher of market research. Zdzislaw Piasta, Kielce Polytechnic, developed teaching materials from the Statistical Analysis System (SAS) for use in the workshop.

* Recently constructed a market participant data base so that modem users could offer to buy or sell via the bulletin board connected with the data base. The Center

offers to loan a modem (supplied by PAEP) to any business that wishes to try the system, thus making it an experimental electronic market mechanism.

Farm Business Planning Center and Workshop in Wrocław.

The Wrocław Farm Business Planning Center was given a specific challenge to offer an advanced farm business plan workshop that would train advisors at every ODR in Poland. Jim Johnson, Montana State, helped to develop initial teaching materials.

* Led by Eva Mankowska and members of Wrocław Agricultural Academy, the workshop reached out to all ODR's in Poland with an advanced workshop on farm business planning. One or more advisors from 38 different ODR's attended the first five workshops. A total of 126 participants, including 84 advisors, 15 bankers and 27 farmers, were trained to develop business plans and prepare loan applications.

* The Center, with the help of Jim Johnson (PAEP), produced the Wrocław Farm Record Book and a computerized data base that has provided data to privatization agencies such as the Polish Agricultural Property Agency (APA) and The World Bank. Jim Johnson's colleagues and a Polish advisor from Przemyśl used it as a model to design a record book for Quattro Pro that is also used in the U.S..

Farm Finance Center and Workshop in Poznan

Jacek Mizerka's workshop attracted members of the rural banking community where they were trained in the same workshop with ODR advisors. Advisors learn to apply financial analysis using Excel spreadsheets in a computer laboratory equipped by PAEP (as were all workshops). The workshop is the most successful of all PAEP workshops in attracting outside funds. They

were unable to spend PAEP funding in 1995 because of the necessity to satisfy specific demands of other sponsors including BGZ bank and the Cooperation Fund. The Cooperation Fund under the leadership of Anna Potok and Adam Futymski was essential to strategic planning with Rector Ryszard Ganowicz that established this workshop at Poznan Agricultural Academy.. Arnold Paulsen, Iowa State, consulted with Mizerka, Poznan Agricultural Academy, in the initial stages of the workshop. In late 1994, Jim Verbrugge, University of Georgia, helped Center staff and members of the Academy develop a strategic long-run plan.

*The workshop used a broad range of teachers including some from Poznan Academy, the Economics University, ODR economist, Center for Extension Service and Wielkopolski Bank. Based on demand, the workshop leader is expanding workshop activity by adding a special workshop for the agri-processing industry. The new workshop will include both ODR and industry managers in the same workshop.

Finpack Workshops at Centers in Six Regions

A Finpack workshop, under the national leadership of Alecija Dokorno, was held at each of the five geographic locations of Business Planning Centers. Krakow Agricultural Academy, under the leadership of Josef Kania, was added to form a complete regional network. Each of the Finpack regions serves 7-9 ODR's in its region and receives support from the national Finpack Center in Olsztyn ODR. The regional Centers distribute Finpack and conduct training. The U.S. advisor leading the workshop and development of Finpack in Poland was Kevin Klair, University of Minnesota.

* Each region held at least one Finpack training in 1994-95 attended by 8-15 ODR advisors, University Professors, members of the national agricultural bank (BGZ) and Agricultural School teachers. Ninety one Finpack users were trained in 1995. Thirty-nine commercial copies of Finpack were sold.

The Agricultural Technical School at Reszel, under the leadership of Mgr. Zdzislaw Szypulski, was adopted as a special center for teaching financial analysis at the secondary school level. Mgr. Szypulski and his staff, assisted by Miller of the Polish-American Extension project and R.A. King of Volunteers in Overseas Cooperative Assistance (VOCA), developed the first secondary school curriculum in Poland for teaching marketing and management in a market economy. In 1995, Lynn Reinschmiedt, Mississippi State, was asked by the Polish Ministry of Agriculture to help Reszel and Ministry Staff prepare a proposal for a national curriculum in marketing and management. The first marketing and management class from Reszel, 64 students, will graduate in the spring of 1998.

* Finpack was one of several computer aids and a computer laboratory provided by PAEP. Reszel became the model for PAEP funding and placement of 19 additional computer labs in the agricultural technical schools which are the principal sources of secondary schooling in the rural area.

Market Plan Center and Workshop in Lublin

This Workshop began in 1992 and is one of the oldest workshops. Henryk Lucjan and Adam Wlodarczyk, leaders of the Market Plan Center, credit the Center as being the first step in formation of the Wincenty Witos Foundation at Lublin Agricultural Academy which is now receiving funding that will continue to promote teaching of market plan workshops. Dave

Holder, USDA Extension, helped to organize the workshop and Dick Shane, economics specialist, South Dakota State, helped write a market plan textbook during the first three months of the Center's work.

*In 1994-95, the Center completed 15 workshops. They trained 141 participants; seventy-five percent of participants were ODR advisors and the rest were entrepreneurs and farmers.

Market Systems Center and Workshop in Poznan

The Market Systems Workshop began its first work in July of 1994 and was the last Workshop to be added to the Advanced Business Planning System. The leader is Piotr Chalupka, Poznan Agricultural Academy, who was assisted by Richard Schermerhorn, University of Georgia, in initial planning and direction of the workshop.

*Five workshops were started for 112 participants and one was completed at Radom.

Loan Results and Total Participants Trained

Total Participants Trained. Business planning workshops began in the summer of 1991 with a basic business planning workshop at Olsztyn ODR and continued at Płock ODR. At the beginning of 1992, Płock was designated as the Basic Business Plan Workshop and it has continued as a part of the Advanced Business Planning System. Płock trained 924 participants, or almost half of 2,534 participants trained in the system, Table 1. Approximately 75 percent of the participants have been ODR advisors from all of the ODR's in Poland. The remainder have been bankers, more than 100, farmers, agricultural technical school teachers, University Professors, entrepreneurs and students both at the Agricultural Universities and at the Agricultural Technical

Schools. The largest number of business planning participants were trained in 1992. The Center training the most participants in that year was Płock; 410 ODR advisors attended 16 workshops led by PAEP advisors (Miller and Rust) assisted by Płock ODR advisors.

The total of 827 advisors trained in 1992, Table 1, are thought to be largely responsible for the rapid increase in business planning that started in 1992. According to a study by Sposato for USAID, there were 25,000 business plans prepared by ODR advisors in the 18 month period beginning in mid 1992 and ending December, 1993.

PAEP expanded the business plan centers in response to new demands for business plans by adding the Farm Business Plan Center and the Farm Finance Center in 1993. Since their inception, they have trained an additional 126 participants in Farm Business Planning and 353 in Farm Finance for a total of 479, Table 2. During 1994, the Market Systems Center and the Finpack Centers were created to add depth to the marketing and farm management work. The Market Systems Center had the specific challenge to identify strengths and weaknesses of the Polish marketing system and thereby identifying where business plans are particularly needed, while Finpack training added the rigor imposed by adding a successful computerized approach to long-run business planning.

Loan Results. Training continued in all of the Centers so that by April, 1995, the total number of participants in all Centers was 2,534, Table 1. The demand for business planning also continued to increase. According to the Polish Agency for Restructuring and Modernization of Agriculture, ARMA, the number of business plans prepared or approved by ODR's was just over 23,000 in 1994. Adding Sposato's estimate of 25,000 up to 1993, an unknown number of plans in 1993, and 23,000 in 1994, leads PAEP to believe that at least 50,000 business plans have been prepared

by participants in all workshops. Some ODR's (Płock for example) have prepared as many as 1,700 per year (Bedzikowska and Formańska).

The value of business plans prepared by ODR's is known to have ranged from a low of \$600 for a small farm operating loan up to \$1,740,000 for new investment in an agri-processing firm. The businesses are generally defined as small business, but because of the number of loans and the families they support, they are important in the economic life of Poland. According to ARMA data, the value of loans in 1994 was approximately \$600 million for farm and non-farm agribusinesses. Loanable funds were somewhat smaller in 1992 and 1993, but, in each year they were not less than one-third of the 1994 level. PAEP believes that the total funds loaned in the years 1992 and 1993 was at least \$400 million. PAEP thus believes that the three year total for 1992-1994 was at least one billion dollars of loans supported by the business plan participants.

Results and Conclusions

Results

The Polish experience illustrates that macroeconomic shock therapy works only when human actors solve transition, investment and market structure problems at the microeconomic level. Members of The Polish-American Extension Project began basic business plan training with Olsztyn and Płock advisors in Ośrodek Doradztwa Rolniczego (ODR) in the summer of 1991. The basic workshop helped identify additional workshop needs. Training continued by expansion into Polish Business Planning Centers and was significantly aided by efforts of two-person teams coming to Poland during 1992-95. More than 40 American economists working in 43 provinces (Województw) and six business plan centers taught principles of business planning. During this period the concept of business planning progressed from a curiosity to a major activity for Polish

extension advisors. The 2,534 participants in Business Planning Centers are believed to have prepared more than 50,000 business plans since 1991 in support of a billion dollars of loans, mostly from ARMA, in farming and agribusiness. The demand is greater now for business planning than ODR's can efficiently provide.

Although American support for business planning has ended, a group of skilled Polish professors and ODR advisors have a structure within which business planning can continue to be taught. What came to be called the Advanced Business Planning System was in fact the workshops identified in teaching of basic business planning and verified by ODR Directors in a national survey during 1992. University professors and ODR advisors now work together in extension education and have overcome the perceived failure of extension that developed under central state planning. The over-all evaluation of the Polish-American Extension Project has been high. "Poland's President told the United States Secretary of Agriculture that PAEP (Polish American Extension Project) was the most successful effort of any country in the world trying to help Poland during its transition to a market economy." (Teeter).

Conclusions

Miller et al. have summarized the results of business planning as they relate to economics education as a process, but this final analysis of the total system of business planning reveals a close relationship of business planning with finance policy in the Polish Ministry of Agriculture and with U.S.-Polish leadership in directing the use of policy. Some observers will find irony in that success of business planning in Poland was influenced by "credit from the state, or ARMA". A state institution like ARMA, however, is absolutely essential in the transition process. ARMA, pursuing a policy of "hard interest", represents a workable substitute for the non-workable

banking systems of transition economies; banking systems that must be reinvented at a critical time when agricultural credit is necessary for food security and survival of a large, and rapidly privatizing, farm population. ARMA is a political tool but enlightened use of the tool, such as that supplied by Włodzimierz Rembisz, American trained agricultural economist, and John Ragland (University of Kentucky), was as necessary to the success of Polish business planning as efforts of teaching economists in the provinces and in the business planning centers.

Business plan training on the use of “hard repayable interest” will in fact promote re-invention of a private banking system as it decreases bad loans and resulting transaction costs between savers and investors. The Polish facts speak to this issue; Polish agriculture with help from restructured Polish Extension has been revitalized (Potok) and agricultural production has been privatized (Miller and Wojciechowski). Subsidized “hard” interest in a business planning atmosphere has not resulted in inflation and the economy is growing. Polish inflation is below 20 percent and falling; more than 1.7 new business licenses have been issued since 1989; the national economy is officially the fastest growing, 6 percent real growth, in Central Europe and this does not include growth in the grey market (unreported income) which may be as high as 3 percent (Ragland and Kukula).

Other central and eastern European countries are ready to implement these results. Ludmila Chereko, speaking on behalf of Russian educators representing the 64 agricultural institutions of higher education in Russia, said that management and marketing courses are the first priority in revising agribusiness curricula in Russia. (Purdue Conference on U.S./Russian Higher Education).

Post Script

At the time of this writing, September 1997, a solidarity led government has been reelected in Poland. A coalition of Solidarity Election Action (AWS) and Freedom Union parties (UW), which will again include Balcerowicz, will control approximately 56 percent of the seats in Parliament and will name a new Prime Minister. A return to shock therapy is not expected, but privatization should receive increased emphasis as the coalition must compete with the post communist Social Democrats who, as the result of recent successes of entrepreneurs and business planning, now portray themselves to be the leaders of free market reform. Further evidence is being received showing that advisors in the business planning system are becoming involved in larger investment planning projects. Advisors who began business planning with projects valued in thousands of dollars are now working on projects valued in millions. (Formañska). Polish Extension is still changing and will likely reinvent itself in the form of ‘Agricultural Chambers’ which is a form of both taxation and governance that prevailed prior to World War II.

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Table 1. Number of Participants Trained in Advanced Business Planning from 1991 to 1995 by Each of Six Polish Business Planning Centers

| Center | Number of Participants | | |
|-------------------------|------------------------|---------|-------|
| | 1991-92 | 1993-95 | Total |
| Basic Business Planning | 600 | 324 | 924 |
| Marketing Plan | 127 | 330 | 457 |
| Market Research | 100 | 91 | 291 |
| Farm Business Plan | – | 126 | 126 |
| Farm Finance | – | 353 | 353 |
| Market Systems | – | 112 | 112 |
| Finpack ¹ | – | 91 | 91 |
| Total | 827 | 1527 | 2354 |

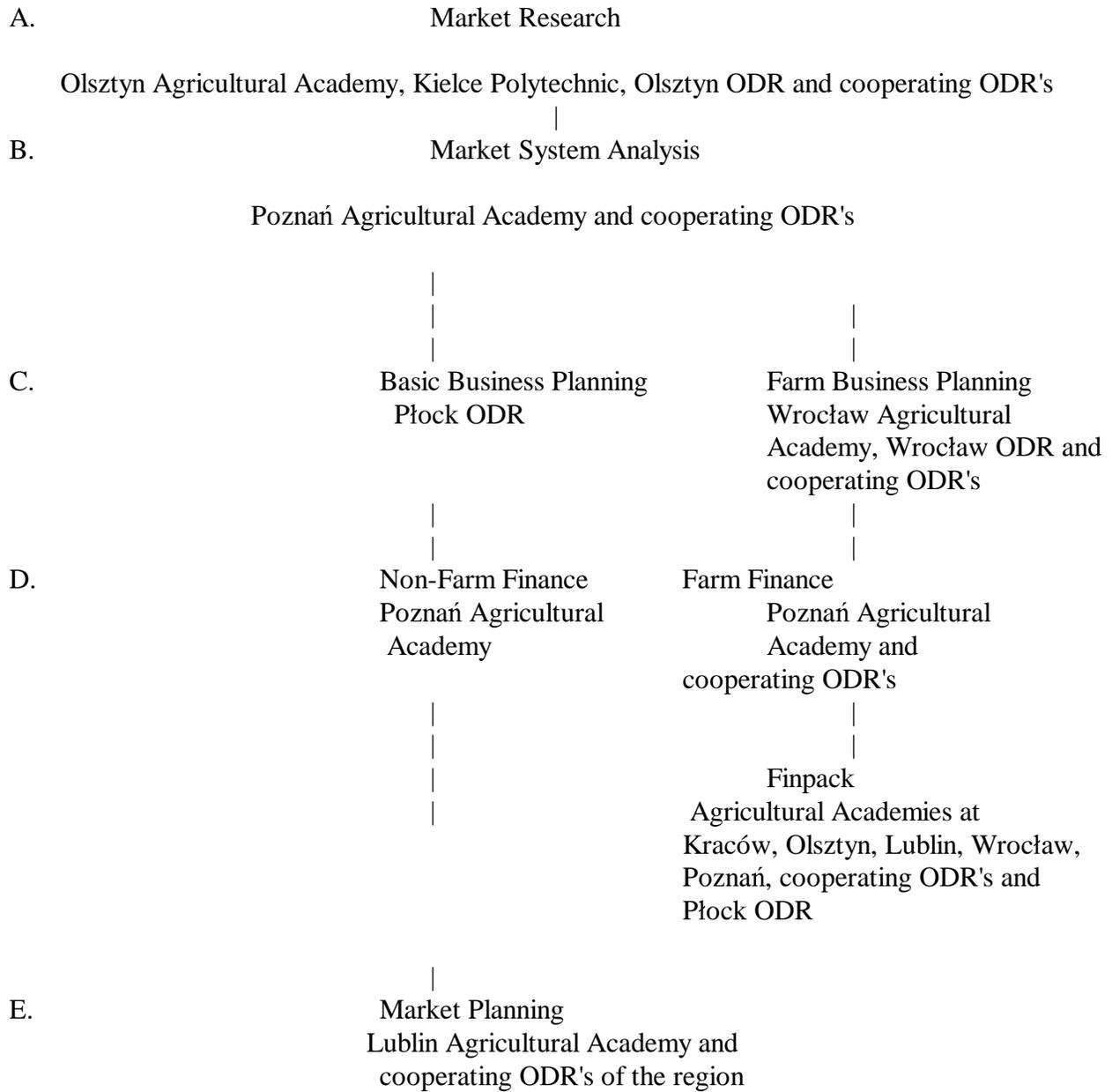
¹Finpack training is offered in each Business Plan Center.

Table 2. Number of Workshops in Advanced Business Planning and Participants Trained in 1993-94 and 1994-95 by Each of Six Polish Business Planning Centers.

| Center | Number of Workshops | | | Number of Participants | | |
|----------------------|---------------------|---------|-------|------------------------|---------|-------|
| | 1993-94 | 1994-95 | Total | 1993-94 | 1994-95 | Total |
| Basic Business Plan | 5 | 8 | 13 | 133 | 191 | 324 |
| Marketing Plan | 9 | 6 | 15 | 189 | 141 | 330 |
| Market Research | 7 | 6 | 13 | 92 | 99 | 191 |
| Farm Business Plan | 3 | 2 | 5 | 59 | 67 | 126 |
| Farm Finance | 3 | 23 | 26 | 37 | 316 | 353 |
| Market Systems | - | 5 | 5 | - | 112 | 112 |
| Finpack ² | - | 6 | 6 | - | 91 | 91 |
| Total | 27 | 56 | 83 | 510 | 1017 | 1527 |

²Finpack training is offered in each Business Plan Center.

Figure 1. Sequence and Location of Workshops in the Advanced Business Planning System of Poland



Appendix Table 1. U.S. Specialists Who Taught Elements of Business Planning in the ODRs of Poland, 1991-1995*.

| | | |
|---|--|---|
| Bill R. Miller ODR Olsztyn The University of Georgia | ODR Bratoszewice (Łódź) Kansas State University | Center for Farm Financial Management, Univ. of Minnesota |
| Charles H. Rust ODR Płock Montana State University | Jim Richardson ODR Tarnobrzeg Alabama A&M, Normal, AL | Monika Roth Crispin ODR Bielsko-Biała Cornell Coop. Extension |
| Kent Fleming WODR Barzkowice (Szczecin) University of Hawaii - Manoa | Johnny Jordan ODR Gdańsk, ODR Zamość Clemson University | Gerald Warmann ODR Bielsko-Biała Kansas State University |
| Les Firth ODR Kościelec (Konin) Pennsylvania State University | Richard Duvick ODR Suwałki, ODR Opole Ohio State University | Mike Stoltz ODR Białostok Oregon Extension |
| Lynn Lutgen ODR Kościelec (Konin) University of Nebraska | Wayne Hansen ODR Wałbrzych ODR Biała Podlaska Redwood Co. Ext., Minnesota | Dale Johnson ODR Bonin (Koszalin) ODR Przysiek (Toruń) University of Maryland |
| Duane E. Erickson ODR Stare Pole (Elbląg) ODR Strzelino (Słupsk) Univ. of Illinois | Andrew Dufresne ODR Krosno Cornell Extension | Damona Doye ODR Korytniki (Przemyśl) ODR Końskowola (Lublin) Oklahoma State University |
| Rodney Dean Grusy ODR Piotrowice (Legnica) Hardin County CES Kentucky | Wayne Schoper ODR Ostrołęka Minnesota Extension | Laurence Yager ODR Nawojowa (Nowy Sącz) Pennsylvania State University |
| Joe Schimmel ODR Piotrków Trybunalski Water Quality Division Minnesota | Gene Ott ODR Chełm New Mexico Extension (Retired) | Allan E. Lines ODR Wrocław Ohio State University |
| Verne W. House ODR Zgłobice (Tarnów) ODR Czestochowa Clemson University | Susan Schoenian ODR Jelenia Góra Maryland Extension | John Thurgood ODR Siedlce Cornell CES in Washington County |
| George O. Westberry ODR Radom Georgia Extension | Philip Seitz ODR Korytniki ODR Nawojowa (Nowy Sącz), ODR Jelenia Góra Michigan State Extension | Claudia A. Parliament ODR Siedlce University of Minnesota |
| David L. Darling | Kevin Klair ODR Bielice (Skierniewice) | |

George Young
ODR Leszno
Alabama Extension (Auburn.)

John Cunningham
ODR Wałbrzych
Minnesota CES

Kenneth W. Stokes
ODR Szepietowl (Łomża)
Texas A&M Center at Dallas

* Directed by John Ragland, assisted by Earl Teeter and Mike McGirr, USDA/CSREES, Washington, D.C.
and by John Burton, Lee Meyer and Pete Shumway in Warsaw.

Source: Polish-American Extension Project Master files of Economic Applications