granting all major demands from Solidarity. By the end of the decade, the communist government collapsed which led to a transitional administration under General Wojciech Jaruzelski (Former president of the last communist government) as chairman and Tadeusz Mazowiecki as Prime Minister.

Between August 1989 and January 1990 Poland began a major reorganization of its social and economic system. The government of Taduesz Mazowiecki introduced a series of economic reforms which intend to convert the old centrally planned economy into a dynamic market oriented economy. Emergency measures suggested by the IMF were implemented by the Polish government. Among the most important are: the devaluation of the zloty to narrow the gap between the official exchange rate and world market rates, and the introduction of the first convertible currency from the Eastern Bloc. Strict wage controls were implemented. Taxes of 100% - 200% on wage increases exceeding 80% of the monthly rise in the cost of living were levied to slow wage price inflation. Most prices were freed up, including coal and foodstuffs. Tax payments were accelerated and subsidies and others budget expenditures were cut, which helped to reduce the prospective budget deficit from 10 to 7% of GDP.[13]

Opening the economy to a market based system over time will lead to a better allocation of resources and unquestionably, an increase in production in most sectors of the economy. Agriculture however has a peculiar situation; although Poland produces more or as much as its eastern neighbors, greater production is only a consequence of more area planted,

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[13]Rosati & Rembisz p 8.