Preface

Lech Wałęsa is an old man now. His walrus moustache is gray, and his belly strains against his shirt as he sits heavily in a worn armchair and again launches into the story of how he helped lead the Solidarity labor union to victory against the communist regime—setting off a wave of revolutions across Central Europe in 1989 that brought an end to more than four decades of Soviet power in the region.

But there is a little of the old sparkle in his tale of how workers allied with intellectuals to restore Poland's independence more than a quarter-century ago.

That's because Wałęsa is fighting again. He's trying to lead a citizens' movement against the right-wing populist Law and Justice Party government that won power in 2015. He's traveling to towns across Poland, hoping to organize a referendum aimed at curtailing the government's power—a response to Law and Justice's attacks on the country's top constitutional court, its seizure of the public media, and its brawls with the European Union and close allies like the United States.

"There's going to be an ultimatum. Either you agree to democratic solutions, or else we'll help you jump out the window," Wałęsa said, sitting in his office in the European Solidarity Center, a museum in the port city of Gdańsk overlooking the gates of the old Lenin Shipyard, where Wałęsa led the 1980 strike that created Solidarity.

The new government has made Wałęsa a target. Instead of a national hero, winner of the Nobel Peace Prize, and Poland's first postwar noncommunist president, he's seen as a traitor. The progovernment media attack him as a communist stooge, recalling his instances of cooperation with the secret police in the early 1970s, after the bloody suppression of a shipyard strike in 1970.

Wałęsa's greatest success came in 1989, when he led careful negotiations with the still powerful communists that allowed for partly free parliamentary elections. The communists were humiliated in the polls, and by August of that year, Poland had its first noncommunist prime minister since World War II. That allowed for a scrapping of the ludicrous economic policies foisted on Poland by Moscow, and the start of a capitalist revolution.

The decades since then turned Poland from a basket case into one of Europe's fastest-growing countries—a tiger economy on a continent more used to sluggish growth and sky-high unemployment. A key role in that transformation was played by entrepreneurs, people who built businesses that made Poland a power in everything from cosmetics to bus and train construction. Poland became a poster child for capitalism, an example of one of the world's most successful postcommunist transformations.

During the depths of the 2008–9 global financial crisis, the government of the day relished showing colorful maps of the European Union, with every country in red thanks to their deep recessions, and only Poland in green—the sole EU country to emerge from that slump without suffering a contraction.

But the new narrative of the Law and Justice government is very different. Its leader, Jarosław Kaczyński—an old enemy of Wałęsa—sees 1989 not as an astonishing achievement, but rather as a failure, something that left Poland in "ruins" and under the control of foreign bankers, rapacious investors, and deeply dishonest local businessmen who have more in common with gangsters than with entrepreneurs.

Today's Poland "is saddled with the errors of communism," Kaczyński said recently. "The shock of a socialist society, which had been horribly mistreated by the war, encountering liberal permissiveness containing elements of social Darwinism—the idea that whoever is stronger is better, and those who fail are at fault—is very harmful."

Kaczyński and Law and Justice won presidential and parliamentary elections in 2015 by tapping into a broad current of discontent among many Poles who felt they hadn't enjoyed the fruits of the country's economic success. Helped by a generous welfare program promising to pay a child bonus to every family with two or more children and to roll back increases in the retirement age, the party romped to spectacular victories.

By early 2016, several leading businessmen faced criminal charges, and the heads of almost all state-controlled companies had been purged.

Even Wałęsa now recognizes that the earlier rah-rah vision of Poland's success left out a lot of people: especially the old, who had a hard time figuring out how to adapt to the more cutthroat world of capitalism; the badly educated; and those formerly employed by large state-owned companies and farms. Also, many socially conservative Poles proved increasingly uncomfortable with their country's rapid transformation into a mainstream European nation, a place where gays were increasingly comfortable, where the Roman Catholic Church's authority was dwindling, and where people were more interested in making their mortgage payments and getting a promotion at work than in extolling the patriotic heroes of the past.

"Over the last twenty-five years we did as well as we could," Wałęsa said. "But while we were building a new Poland—all those roads and investments—we forgot about the people. We should have helped them more."

While a recalibration of the social costs of Poland's transformation might be in order, there's no escaping the fact that Poland has undergone one of the world's most striking and successful changes. Everything from roads to cars to houses to take-home income is completely different than in 1989—and the largest part of that achievement is due to the work of entrepreneurs.

That's a controversial thesis in today's Poland; but controversial or not, the story is true.

• • •

In 1987, Zbigniew Sosnowski was working as a car mechanic in the unremarkable central Polish town of Przasnysz, fixing the rattling rust buckets produced by Polish auto plants which were so badly built they often needed to be repaired immediately after rolling off the production line.

At about the same time, Andrzej Blikle was studying the mathematics of computer programming at the Polish Academy of Sciences. Leszek Czarnecki was running a small commercial diving company in western Poland. Dariusz Miłek was sweating out wins on the international bicycle racing circuit—promptly taking the crystal trophies and, instead of parking them on a shelf, selling them to bemused French and Italian villagers.

Today all these men are captains of Polish industry, some of the country's wealthiest people and examples of enormously successful entrepreneurs. They are part of a much broader cohort of entrepreneurs who have changed Poland from a gray and stultifying Communist-bloc backwater into a member of the world's wealthy club of nations. Thanks to them, Poland is a place where horses are for pleasure rides, and not for pulling plows or delivering goods on the streets of the capital city; where a luxury good is a Louis Vuitton bag bought at a new silvery shopping mall in central Warsaw, not a roll of toilet paper with the texture of fine-grained sandpaper; and where it makes sense for an ambitious entrepreneur to stay home and build a business instead of fleeing to the West as in decades past.

Today's Poland is a prosperous member of NATO and the European Union, and the only European country not to have suffered a recession in more than two decades. That success is largely the product of the ferment and chaos of the market economy loosed on the country in the late 1980s. Millions of men and women took an enormous risk and opened businesses, starting small, but eventually doing everything from running restaurants and small shops to producing bicycles, buses, newspapers, cosmetics, and computers.

Poland's dramatic resurgence is not just a point of local pride. The story also has implications for debates taking place far outside of Central Europe about rising inequality and the overall fairness of postcrisis capitalism. Of course Poland's transformation suffered from missteps and miscalculations. Rising unemployment and wrenching social change hurt a lot of people. But the country's overall success is a powerful argument in favor of the liberal "shock therapy" economic reforms launched a quarter-century ago, marking the first attempt anywhere in the world to rebuild a capitalist economy after decades of communism. That approach is often viewed today with disapproval, as an example of the discredited "Washington Consensus" of orthodox economic reforms imposed on struggling nations. But in Poland's case they worked. The fact that Leszek Balcerowicz, the architect of Poland's reforms, has now been asked to advise the region's least successful country, Ukraine, is a testament to the attractions of the "Warsaw Consensus."

The problem is that the narrative of success resonated best in Poland's largest cities, where people had decent jobs, rising earnings, and improving prospects. In poorer and more rural areas—especially in the less developed east of Poland, a region that is more religious and more traditional than the rest of the country—that narrative grated and led to growing resentment. In an echo of the rage that made Donald Trump the president of the United States, and gave rise to populists and nationalists across much of Europe, Law and Justice played to that anger in its 2015 victory. It appears set to run the country at least until 2019.

I watched and wrote about large parts of Poland's convoluted transformation: first as a cub reporter looking at the chaos unleashed by the collapse of Communist rule in 1989, then as a correspondent for the *Financial Times*, reporting for the past decade across Central Europe, and most recently as an editor at Politico, still keeping close tabs on Polish politics. All of the profiles of entrepreneurs in the book are the result of my interviews and conversations with them.

The book's start date of 1987 marks the last year in which Poland was functioning as a more or less orthodox member of the Soviet bloc—although the decay of a system that had been imposed on the country by the Red Army in 1944 was already apparent.