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Modeling Economic Growth in Contemporary Poland

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INVESTOR IN PEOPLE

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Introduction

Over the past 15 years, Poland has been among the fastest-growing countries in the European Union. It was the only country in the EU that avoided economic recession during the global crisis in 2008–2009. Trying to explain the sources of Poland's economic success and decouple it from simple stylised facts on economic convergence anchored in the neoclassical growth models, this book shows how the Polish economy rapidly moved away from the communist economic system, which had ended up in an economic collapse, and took the road to unprecedented growth in income and the quality of life. The authors apply the three-way perspective on drivers and barriers to Poland's economic growth.

In the first part of the monograph, special attention is given to the transition and contemporary challenges of the Polish economy. Chapter 1 focuses on the main drivers of Polish economic growth from the perspective of the past, the present and the future. It emphasises the role of capital accumulation and labour force in explaining the growth of the Polish economy. The experience of Poland from the economic transition is then discussed in depth in Chapter 2. The authors deal with four aspects of the changes in the Polish economy, i.e. stabilisation, liberalisation, institutional reforms and privatisation. The following chapter outlines the topic of income convergence process among regions in Poland. The empirical analyses included in this chapter provide important insights into the effectiveness of regional policy in Poland. Chapter 4 shifts considerations towards the transformation of the Polish economy into the Green Economy (GE). The authors apply the Green Transformation Index to analyse the transformation towards GE in Poland. The current issues related to economic resilience of the Polish economy and food security are addressed in the next two chapters. The former studies the impact of the Covid-19 pandemic and the war in Ukraine on the situation of Polish consumers and the resulting behaviour in the context of business–consumer relations. The latter identifies and reviews food security challenges that governments and societies have faced during the Covid-19 crisis and beyond, with specific emphasis on Poland.

The second part of the monograph is dedicated to the issues related to the institutional and policy framework of the Polish economy growth. In Chapter 7, the authors investigate the impact of Polish monetary policy on investment outlays in contexts of high uncertainty. The fiscal and monetary policy are also subject to a broader discussion in the next chapter. It tackles dependencies between fiscal and monetary policy and the capital market in Poland. Chapter 9 is to deepen and widen the topics concerning mutual similarity among the

characteristics of the financial sector (including the monetary policy by the central bank) and the characteristics of the real sector (e.g. economic growth), as well as cross-similarity between both sectors in Poland and selected Central and Eastern European countries. The further three chapters present non-macroeconomic policies that are key for reaping the sustainable growth in Poland. The first one portrays and evaluates the key developments in the innovation policy and national innovation system of Poland. Theoretical considerations in this chapter are supported by the empirical analyses of changes in Poland's innovation policy and innovation system frameworks. The second one shows new opportunities in Poland's decarbonisation energy policy. More specifically, it considers from an economic perspective the potential role of nuclear power in decarbonising the Polish power sector. The last part of the triptych tries to evaluate the significance of the common agricultural policy to the growth and development of agriculture and to structural transformations therein triggered primarily by the influx of additional CAP funds into Poland.

The final part of this book shows prospects of economic growth in Poland. These themes are discussed from the micro, mezo and macro perspectives. Chapter 13 tries to address the question whether imitation or innovation is the right key to the economic growth in Poland from both the conceptual and the empirical perspectives. The next chapter describes the present state and the trends in the ICT sector, which today is considered to be one of the most progressively developing part of the Polish economy. Changing the perspective, Chapter 15 presents the evolution of Poland's participation in global value chains since the mid-1990s, including its key determinants. Two further chapters bring attention to the challenges faced by the Polish companies. The first one provides a better understanding of the attitude of Polish companies towards diversity policies and reveals differences in actual and expected levels of gender diversity in corporate boards. The second one identifies the Polish companies' stability in the crisis situations especially during the Global Financial Crisis of 2007–2009 and COVID-19 crisis. This part of the monograph closes Chapter 16 relating to entrepreneurial ecosystems in Poland. It discusses and verifies the role of the entrepreneurship ecosystem in the development of enterprises in Poland.

This book is suitable for practitioners and academics interested in discovering the foundations for the Polish growth miracle and finding whether this growth will likely last in the future.

Preface

Leszek Balcerowicz

Warsaw School of Economics

Warsaw, 13th April, 2023

The post-communist transition in Europe is one of the most important transformations in modern history. Like other radical shifts in history, its timing and its crucial events were totally unexpected. Market-oriented reforms had been introduced under democratic political regimes in the post-communist transition. Therefore, the transition was both economic and political.

Poland was a pioneer in this transition respect entering the path towards a well-functioning market economy. The exceptional growth performance of the Polish economy after 1989 obviously poses questions about its causes. This book tries to give an answer to this question raised by tackling the most important issues from Poland's recent and past: the sources of economic success, the process of transition and structural achievements.

Poland's transition is analysed in the micro, mezo and macro perspectives and takes into account: the whole economy, financial market, fiscal policy, monetary policy, entrepreneurship behaviour and new technologies. The authors provide in-depth analyses and consider the changes in the Poland's external conditions: the 2007–2009 global financial crisis, the Covid-19 pandemic and the war in Ukraine. This book sheds light on actions providing food security, implementing a diversity policy and response to climate changes in the context of the Polish economy and firms. In my opinion, it deserves to be thoroughly read.