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Beyond the Miracle: How Hard Work and Entrepreneurial Spirit Drove Poland's Economic Success

Over the last three decades, Poland has experienced an unprecedented period of stable and rapid economic convergence toward the more affluent European economies. While in 1995 its GDP per capita (PPP) equalled only 33 percent of Germany's, by 2025 it had reached as much as 71 percent. This represents a remarkable episode of income convergence, truly an "economic miracle". However, the sources of this change were not miraculous; rather, they were the result of the hard work of the Polish people and their entrepreneurial spirit.

After long decades of communism, Poles have continuously pursued prosperity. Polish workers are willing to work long hours and want to acquire better qualifications, while entrepreneurs constantly seek process improvements, striving to accumulate capital, access new markets, and boost productivity.

These characteristics can also be seen in a technical Solow growth decomposition. It shows that the remarkable growth of the Polish economy was a joint product of at least three factors: technology adoption, capital accumulation, and improvements in labour supply. Capital accumulation accounted for around two-fifths of total GDP growth in 1996–2023 (Strzelecki et al., 2025). Growth was further supported by a rapid improvement in total factor productivity (TFP), which contributed around one-third to cumulative GDP growth in 1996–2023.

The remaining share of growth was driven by qualitative and quantitative changes in labour supply. After years of high unemployment and net outward migration, Poland managed to achieve one of the lowest unemployment rates in the EU, while employment increased by around 3 million people. At the same time, Poles on average work some of the longest hours in the EU. Polish women, in particular, work harder than female workers in other EU countries. In 2024, around 88 percent of employed Polish women (aged 20–64) worked more than 40 hours per week, while the corresponding EU average was only 47.6 percent. Furthermore, Polish workers have become more educated. Since the late 1990s, Poland has experienced a more pronounced acceleration in the share of individuals with tertiary education compared with the average pace observed across EU countries. Between 2005 and 2025, the share of tertiary-educated individuals (aged 15–64) more than doubled, growing from 14.4 percent to 35.7 percent.

In this context, it is worth dispelling the myth that the growth and competitiveness of the Polish economy are based solely on low labour costs. In fact, the data provide evidence of a structural transition toward knowledge-intensive, high-skill industries. For example, Poland has seen significant productivity gains in information and communication, IT services, and professional, scientific, and technical activities. By 2024, IT service exports represented nearly 17 percent of the country's total service exports, underscoring the pivotal role of human capital and skill upgrading in shaping Poland's economic performance.

What remains a strength of the Polish economy is that, unlike Western European economies, Poland did not follow the path of deindustrialization. Instead, its industrial sector retains a strong position, with 22 percent of value added currently generated by industry—well above the EU average.

With its trade-to-GDP ratio exceeding 100 percent, Poland is a highly open economy. As a result of the deepening of trade relations and high competitiveness, Poland's share in global merchandise exports grew from 0.4 percent in 1995 to 1.6 percent in 2025. Polish manufacturers have become key suppliers of intermediate goods in certain sectors, such as automotive parts, within the EU market. International trade has emerged as a central element of Poland's growth model, with the contribution of foreign markets to value added in the economy comparable to that of domestic demand (Hagemejer and Mućk, 2019).

The spectacular catching-up process of the Polish economy was marked by high resilience to external shocks and the absence of major macroeconomic imbalances. In this context, the stabilizing role of

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Narodowy Bank Polski's (NBP) monetary policy and the floating exchange rate should not be overlooked. NBP's autonomous monetary policy has kept inflation low over the long run, creating a cornerstone for economic growth. At the same time, having a national currency that can adjust freely during periods of global economic turmoil has proved to be a key mechanism for absorbing negative shocks, preventing the economy from falling into deep and long-lasting recessions. In this context, it should be emphasized that the premature adoption of the euro would put the Polish economy at risk of boom-and-bust cycles and result in a more volatile growth trajectory, potentially halting the convergence process. The experience of Southern European economies serves as a cautionary tale in this regard (Glapiński, 2025).

Macroeconomic forecasts from international institutions, such as the International Monetary Fund (IMF), indicate that the convergence of the Polish economy toward wealthier economies will persist in the coming years. In terms of GDP per capita adjusted for purchasing power parity, Poland is projected to surpass Spain by 2026, and potentially Italy by 2032, the United Kingdom by 2034, and France by 2034[1].

However, there are several risks that could potentially dampen future economic convergence. Most of them are well identified, including demographic headwinds, high energy prices, and the AI revolution. Among these risks, I will highlight three.

First, with meagre economic growth in Germany and other EU economies, the performance of Poland's exports has come under pressure. Moreover, with 75 percent of Polish merchandise exports going to the EU, the presence of Polish products in more geographically distant export markets is limited. As economic growth is expected to be stronger outside the EU, the relative importance of the EU market in the global economy will inevitably decline over time. To address this challenge, Polish exporters need to extend their presence to the more distant markets.

Second, in recent years, the penetration of Chinese products into the EU market has increased steadily. In several sectors, Chinese manufacturers—who benefit from low energy prices and industrial policies—are becoming strong competitors for Polish exporters, particularly in product categories such as electrical appliances, machinery, apparel, and furniture. Unfortunately, with energy prices several times higher in the EU than in China, withstanding competitive pressure from China will remain a crucial challenge for European manufacturing.

Third, Poland underperforms in sources of competitive advantage, such as innovation and globally recognizable brands. This is reflected in the pronounced decline in markups among Polish exporters (Gradzewicz and Mućk, 2023), which was necessary to gain a substantial share of the EU market. To become a country that truly operates at the technological frontier, Poland needs to stimulate its own research and development (R&D) activity. Although the R&D expenditure-to-GDP ratio more than doubled—from 0.6 percent in 1995 to 1.4 percent in 2024—it remains around half that of Germany.

That said, the expanding share of high-value-added sectors—particularly IT services—coupled with increased R&D expenditure and the ascent of Polish enterprises within global value chains (GVCs), indicates that the reallocation of resources toward a knowledge-based economy is proceeding along the expected trajectory. Furthermore, the high quality of human capital provides Poland with substantial potential for the absorption of automation and artificial intelligence, which may serve as a catalyst for further digital transformation.

To sum up, there are strong grounds for optimism regarding the prospects for continued, stable economic growth. This outlook is supported by the expanding share of high-value-added sectors, the increasing integration of Polish enterprises into GVCs, and the high quality of human capital, which facilitates the adoption of digital technologies. At the same time, the experience of the last decade has shown that the Polish economy can adjust effectively to shocks (i.e., the COVID-19 pandemic and the Russian invasion of Ukraine), which further supports a positive outlook for future economic growth.

Finally, as governor of the central bank, I can assure readers that NBP's monetary policy will continue to deliver long-run price stability, creating favourable conditions for Poland's future economic convergence and growing prosperity.

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[1] While the IMF's official projections cover the period up to 2031, data for 2032 and beyond were derived by extrapolating the average growth rate from IMF projections for 2026–2031.