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Stability as a Development Model: A Two-Hundred-Year Perspective

The question of Poland's future development model is a difficult one—especially if one considers the changeability of the environment in which such models have been discussed over the last two hundred years. I recently wrote about this environment, in which long-term visions and expectations have rarely fit, in a book recently published in Polish under the title *Pożegnanie z pańszczyzną* (Koryś 2024; English edition: P. Koryś, *Poland From Partitions to EU Accession: A Modern Economic History*, 2018). Today the geopolitical situation is once again uncertain—and it is worth recalling that, from the perspective of the last two centuries, the current period of institutional continuity in Poland (or in territories inhabited by Poles) is very long. For this reason, in this commentary I look back more often than I look ahead.

Already twelve years after the third partition, the first restoration of Polish statehood took place with the creation of the Duchy of Warsaw. The next change came eight years later—in 1815, the Kingdom of Poland (the so-called Congress Kingdom) was established, together with several smaller political entities inhabited by Poles and possessing elements of autonomy (the Grand Duchy of Poznań and the Free City of Cracow). From 1831 onward, the dismantling of these more or less autonomous territorial arrangements gathered pace. Within three decades of the Congress of Vienna, by 1848, autonomy in Poznań had finally vanished, and the Free City of Cracow had been incorporated into Austria. The Kingdom followed a separate course: there, a prolonged period of Russian martial law imposed after the defeat of the November Uprising formally began in 1833. After the January Uprising, by 1874, the last—often merely formal—remnants of the autonomy of the former Kingdom of Poland were abolished. Further changes were brought about by war, while the four decades preceding it were a time of political and economic stability, but also a time when, apart from the emerging autonomy of Austrian Galicia, virtually all forms of Polish political autonomy disappeared. After World War I, the state was restored and there followed a period of twenty years of sovereignty. Then came World War II, postwar reconstruction, and forty years of state socialism. In fact, this was the longest period of continuous existence of the Polish state—even if not a fully sovereign one—within the historical perspective considered here. Next came the Third Republic, which has now existed for nearly forty years. Its beginning was also a rupture — not of statehood, but of the political and economic system and of the geopolitical environment at the same time.

The changes described here concern institutions, political systems, and sometimes the economic model... And it should be stressed that when the Constitution of 3 May was drafted, neither its authors nor its opponents were thinking about the collapse of the state; when Stanisław Staszic and Ksawery Drucki-Lubecki were devising a model of economic development, they did not anticipate that in a few years' time autonomy would come to an end. Almost a hundred years later, Eugeniusz Kwiatkowski, writing *Dysproporcje*, did not fathom that within a few years the Polish state would cease to exist. The architects of Gierek's reforms, the communist reformers of the 1980s (e.g., Zdzisław Sadowski) and their opponents in Solidarity Trade Union, did not imagine the changes that would unfold within a span of several years.

> It is enough to glance at the economists' disputes over the model of economic reform in 1981, or at the program of the first Solidarity Trade Union. What is more, in the discussions of the early 1990s, few imagined where we would be today.

We now discuss the economic model in the context of the success achieved by Poland and by the whole region—and it must be stressed that what makes this success exceptional is regional rather than national in character; it pertains to post-communist Central Europe and not to Poland alone. This success has largely exogenous origins: the inflow of capital and the import of institutions and know-how accelerated the development of the entire region. It was supplemented by a local demographic premium, especially in Poland,

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and one not fully exploited at that—a portion of the country's most numerous generations emigrated after accession to the EU. Marcin Piątkowski has recently described the extraordinary character of Poland's success; it does indeed have several distinctive features, but in quantitative terms it differs little from the successes of our smaller neighbors—the countries that joined the EU alongside Poland.

This success was Gerschenkronian in nature—founded on the "advantages of backwardness." It was brought about by a transfer of capital, knowledge, and institutions from the West to post-socialist economies, where the level of human and material capital considerably exceeded what their level of economic development would suggest, while wages remained surprisingly low.

> The Balcerowicz Plan responded—effectively and successfully—to the challenges of the moment, with well-timed structural adjustments, but it was not a blueprint for a long-term development model.

Later, after a decade of rapid growth, Poland sank into a political crisis (the break-up or collapse of most of the key political groupings), a social one (unemployment, growing economic inequalities) and a demographic one (a fall in the number of births to around 350,000 a year seemed shocking at the time). Yet accession to the EU, together with the opening of the European market and net EU transfers, strengthened this success still further. Again, this happened without any deliberately planned in advance model of development. It is a success in which the role of Polish politics and politicians was surprisingly small (although one may point to the wholesale reconstruction of Polish politics in the early 2000s, the role of the Civic Platform in Poland emergence as a "green island" in 2009, and the role of Law and Justice in redefining the principles of economic and social policy after 2015).

> After 1991, right-wing, left-wing, and liberal governments alike experienced successive years of economic growth and improvements in the quality of life. These were governments strong and weak, monolithic and internally divided, and, finally, either at odds with the president or acting in concert with him. This happened in times of relatively low as well as very high levels of political polarization.

It is, however, a success that is—in my opinion—running its course, just as the development model that has prevailed to date—that of catching up with Europe's leaders—is reaching its limits. The gap between GDP per capita in the countries of the region and the EU average has narrowed dramatically, and so have differences in wage levels and quality of life. It seems that the "advantages of backwardness" are being exhausted, and so is "the current development model." The whole region will soon face—or is already facing—a demographic crisis that will probably erode its remaining competitive advantages in the European labor market. In addition, the whole region, more deeply integrated with the economies of other EU countries than at any time since 2004, will presumably experience—and in fact is already experiencing—the economic challenges facing Europe as a whole: dramatically rising energy prices and a not entirely successful green transition, declining competitiveness in industrial production, a limited share of high-value-added services, and—last but not least—the still relatively weak integration of European markets.

> What is more, the spectacular economic success made it possible to modernize institutions, enhance Poland's security, participate in the digital and energy transitions (for better and for worse), and maintain high-quality primary and secondary education, as confirmed by PISA results.

Hence, I think that maintaining the current development momentum, and even preserving what we have achieved—not in absolute terms but in terms of the gap separating us from the economic leaders—may prove a difficult challenge, and one that in practice can hardly be met by means of a list of general postulates (although the eleven postulates of the Poznań Declaration are well formulated and difficult to disagree with).

How, in this context, should one discuss a development model for the future? The four decades of Polish success have been marked by something that earlier was almost unavailable: a stable and hospitable economic and political environment.

> When one looks at the economic success of Scandinavia—which offers a compelling nearby example of sustained economic success on the periphery—one finds that it is anchored in political stability and long-term systematic growth over some 200 years, rather than in great development leaps.

> The strength of Scandinavia—rooted in an attitude that we, as a society, probably do not always value—lay in neutrality and a consistent policy of avoiding the upheavals of history, or at least avoiding active participation in them.

Of course, this is sometimes unavoidable for Poland because of its geographic location; but if it regularly brings about an economic reset, as was the case in Poland and large part of the region over the last two hundred years, then backwardness and falling behind become almost unavoidable, too.

> Thus, maintaining the continuity of the Polish state within a stable framework (and, if possible, strengthening this framework) should be the cornerstone of Polish policy.

There is no contradiction here with what was said above about the limited role of politics. Poland's success was exogenous in origin, and the framework within which it took place was likewise defined from the outside—by the European market, by the transfer of capital and know-how, and by the security guarantees of the Western alliance. Internal politics did not create this framework and could not have created it. What politics can do is navigate safely within it, so that the framework itself is not lost. The asymmetry is fundamental: over the last four decades, the contribution of good policy to growth was—in my opinion—modest, whereas the contribution of bad policy to bringing about a reset would have been decisive. Over the two centuries described here, economic development was usually interrupted not by mistaken economic models (with the partial exception of state socialism), but by the loss of the framework itself. From this perspective, a development model for the coming decades becomes a question of the conditions under which this framework can be maintained, and only then a question of what is to be done within it.

Today the geopolitical environment is changing, and so the fundamental question of how such a policy of stability and security is to be conducted has become far more topical than at any time between 1989 and 2014, when Crimea was captured by Russia, and even more so than between 1989 and 2022. It is a necessary condition for preserving what we have already achieved, but probably not a sufficient one for catching up with the European and global economic core. But this is another story.