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Polish economy – lasting prosperity by means of increasing productivity

For the past 30 years, the Polish economy has been developing at a high pace, reaching an annual average of 4-5%. The COVID-19 pandemic halted this rapid growth, however only in 2020, after which Poland returned to its previous fast track of development.

One can see the results of this development in the appearance of Polish towns and villages, in the household appliances Poles own, in the competences of Polish employees as well as the quality of jobs and income, the level of which exceeded 80% of the EU average.

Furthermore, for more than two decades, real wage growth has been lower than that of labour productivity. This created an opportunity for Polish governments to pursue a more generous social policy and to increase redistribution, so that the economic inequalities, naturally occurring in any market economy, would not lead to strikes or street protests. Since 2016, economic development has become one of a more solidary nature, without any damage to economic dynamics.

Russia's military invasion of Ukraine took place as the Polish government began to undertake actions and introduce incentives that were to bring about an even greater increase in productivity: more advanced products and services created by companies operating in Poland. There is no other way to ensure lasting prosperity.

We already know that the Polish economy is going to modernise technologically in conditions of high energy prices. Fortunately, the increase in these prices will be slowed down owing to an investment boost in the field of renewable energy – massive offshore wind farms are being constructed on the Baltic Sea, while solar panels are being mounted on rooftops of Polish houses.

For obvious reasons pertaining to nature, it is impossible to provide clean, stable and sufficiently abundant energy in Poland without nuclear energy. It will be a public investment and Polish government agencies are finalising preparations for a construction contract for a nuclear power plant. The agreement will be concluded in the coming months. The implementation of this investment will stimulate the development of numerous Polish companies, which will become sub-suppliers and contractors of countless goods and services necessary in such a complex investment process.

The surges in energy prices translates into a noticeable increase in the prices of virtually all goods. The Polish government is mitigating the consequences of this blow to the purchasing power of the

Polish people with funds mobilised under the anti-inflation shield, including VAT rate reduction on food to 0%. In extreme circumstance, the Polish government is both willing and able to intervene appropriately!

Government investments are accompanied by private investments, already underway to prepare Poland for the transition from the present-day car industry based on internal combustion to the era of electric cars. The largest European factory of lithium-ion battery separators for electric cars was established in the south of Poland. Electric cars will also be produced in the Upper Silesian Industrial Region. As a result, exciting jobs will be created for students of Polish technical universities, graduates of high school who stand out in STEM subjects in the OECD PISA surveys.

Russia's war with Ukraine forces Poland to significantly increase the level of military spending – even up to 4% GDP in the nearest future. The Polish government plans to allocate these funds in such a way as to raise the technical level of Polish companies that are to become offset partners and co-operators of military equipment suppliers. Even if Polish drones initially have a different purpose now, one day they will certainly be used only for peaceful purposes.

In a market economy, governments are primarily responsible for the quality of infrastructure, including, in particular, the state of the transport infrastructure. Having connected the country's western and eastern borders with motorways, Poland supplements its road network with a motorway dubbed *Via Baltica* which will shorten and facilitate journeys and transport from Estonia to Slovenia.

The increase in the wealth of Polish citizens is confirmed by an over 5-fold increase in the number of airline passengers. In 2018, they transported over 45 million passengers to and from Poland, and this number is expected to increase to 80 million even before 2030. Existing airports in Poland will not be able to handle such a number of passengers. In this situation, the Polish government decided to construct a new, central, large-scale airport which will serve up to 30 million passengers. It will become the main element of the Central Communication Port, in the vicinity of which all major Polish road and railway connections will intersect. The construction of the CCP is also a strong stimulus for Polish companies and foreign investors, as its execution involves contracts for works, products, and services with a total value of EUR 19.5 billion until its completion by 2034.

The programme of necessary and well-selected public investments creates a framework for the development of Polish enterprises and stable employment with increasing wages. Polish entrepreneurs understand the intentions of the government and complement its actions with their creativity, ambitions, and diligence. This complementarity bodes well for the development of the Polish economy.

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The text is simultaneously published in the Polish monthly "Wszystko Co Najważniejsze" as part of a project carried out with the Institute of National Remembrance and the Polish National Foundation.