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The Sustainability of the Process of Convergence in Poland

Dariusz Kotlewski

Mirosław Blażej

There is a wide theoretical literature on the convergence that is supposed to be inevitable between the developed and the still developing, not to mention the underdeveloped, countries. This convergence can be differently defined and may concern different areas of economic activity, but at last it is the level of economic development, usually measured as gross domestic product or gross value added (both per capita), which is under consideration here. One of the reasons for choosing these measures, although they are imperfect, is that data are quantitative and comprehensively collected. Within this scope, surprisingly, the general observation is such that those measures do show that something quite different materializes in the real world – only some, and quite few, developing countries find the way to overcome the gap between their economic development level and the level of the developed countries. One possible explanation of this contradiction lies in the institutional framework, i.e. that ineffective institutions prevent many developing economies to achieve a successful transition to a high development level, that would otherwise arrive inevitably. But, bad institutions not always can be traced directly (at least, not always quantitatively) and usually they become conspicuous only through economic performance insufficiency. So observing economic phenomena with the use of growth accounting methods has an explanation potential here. Moreover, some contenders assume that institutional factors are secondary or dependent on the economic condition of the given country, and the true reason for not achieving a durable transition to the club of the developed countries is structural. The given country is simply lagging behind, as far as the issue of structural change in the economy is considered. Therefore, after episodes of rapid growths economic collapses follow, which means that any gain on the path towards economic prosperity is being wasted in the longer run. Only when rapid growth is sustainable the successful transition to the club of the so called rich is achievable. But this point of view gives even more potential to the growth accounting methods as explanation devices for the issue of not achieving the expected convergence. There are many structural issues, but quite many of them are observable with the use of the growth accounting methods, particularly the KLEMS growth accounting. It is because the KLEMS type growth decompositions are done at the industry level. Given that, and after KLEMS economic productivity datasets have been published for Poland by the statistical office

(Statistics Poland), it is presently feasible to analyse much further this issue for the Polish economy, i.e. to bring closer the answer to the question whether this economy is undergoing the convergence as above mentioned and whether this convergence is sustainable. The paper provides a positive response to that answer. In the light of KLEMS growth accounting Poland seems poised to achieve a successful transition towards durable prosperity.