

JOHANNES GUTENBERG-UNIVERSITÄT MAINZ – D 55099 Mainz  
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## Seminar (“Research Module”) in International Economics

### “The Polish Economy after Transition”

**Summer Semester 2022**

#### **Motivation:**

Poland’s economy is the largest among all the countries which joined the European Union since 2004. Interestingly, even if the three countries joining in 1995 (Austria, Finland and Sweden) were larger than transitioning Poland at the time, by 2019, Poland overtook them in terms of nominal GDP (but, obviously, not in per capita terms). Additionally, Poland remained the “green island” during and in the aftermath of the global financial crisis – maintaining then the positive rate of economic growth as the only member country of the EU (although not any more during the COVID-19 pandemic). A recent account of this success story is provided by Piątkowski (2018). At the same time, and despite some political turbulences, Poland since the transition in 1989 maintained the path of integration with the European and global goods, services and financial markets, without compromising the sustainability of its public finance or external equilibrium. For some institutional solutions, it could even be considered a trendsetter – Poland notably introduced the public debt limit set to 60% of GDP to its constitution enacted in 1997. Given its relative size, Poland also attracted the most of Foreign Direct Investment among the countries of the region (although not necessarily in per capita terms). All these achievements came obviously at some costs. The initial transition (via a “shock therapy” by L. Balcerowicz) revealed the mismatches of the labour market and resulted in massive unemployment (culminating just in months prior to the EU accession). Liberalization of the economy together with weak social protection lead to a significant increase in income inequalities (both measured by Gini index and between regions). These (and other) unresolved issues, additionally contrasted with the society’s aspirations of a complete convergence of standards of living with the “old” EU members (and notably with Germany) lead to some discontent visible in election results since 2015.

The above considerations, as well as the growing role of the Eastern neighbour as an important trade partner for Germany, justify the need to study Poland’s economic performance together with its strengths and weaknesses or again the challenges it faces. This will be the main goal of the proposed research seminar.

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Students will work on a specific topic (as defined by the seminar organisers), give a presentation, and elaborate on their insights in a term paper.

Here is a preliminary (and non-exhaustive) list of potential topics:

- What are the determinants of economic convergence of Poland and its regions?
- What were the evolutions of Poland's comparative advantage since the 1990s?
- Should Poland adopt the euro?
- Does uncovered interest rate parity hold for Polish zloty and selected major currencies?
- Is Poland's public debt sustainable?
- Is Polish foreign debt sustainable? Or: assessment of Poland's external equilibrium.
- Does the "twin deficit hypothesis" hold for Poland?
- What are the determinants of Foreign Direct Investments in Poland?
- Why was Poland the only EU country to avoid a recession in the aftermath of the global financial crisis?
- Are Polish financial markets integrated with their European and global counterparts?
- Poland's participation in international value chains vs. international trade measured in value-added?
- Assessment of monetary policy making at the National Bank of Poland.
- Polish economy (its selected aspects) during the COVID-19 pandemic.

A detailed list of topics, including some first references, will be presented at the start of the seminar. Some of these topics will have a theoretical/analytical focus, some will concentrate on empirical issues, and some will concern institutional questions.

### Important Dates (preliminary):

05.05.2022, 14.15-15.45 (online via MS Teams)	Introductory meeting and presentation of topics (attendance is mandatory)
through 31.05.2022:	Distribution of topics
Th, 07.07.2022, 14.15-18.30 Fr, 08.07.2022, 9.00-17.00	} Student presentations (attendance is mandatory)
11.09.2022, 11:59 pm:	

### Participants:

The seminar is offered as a **Research Module in International Economics** to those students in the **Masters Program “International Economics and Public Policy” (MIEPP)** who chose the specialisation area **“International Economics”**.

### Basic References:

Successful participation in the seminar requires a sound knowledge of international macroeconomics as offered by

Harms, Philipp (2016): *International Macroeconomics, 2<sup>nd</sup> edition*, Tübingen (Mohr Siebeck).

A recent account of Poland’s success is provided by:

Piatkowski, Marcin (2018): *Europe’s Growth Champion: Insights from the Economic Rise of Poland*, Oxford University Press.

Some publications of the seminar tutor related to the content include:

Afonso, A., Huart, F., Jalles, J. T., & Stanek, P. (2019a). Assessing the sustainability of external imbalances in the European Union. *The World Economy*, 42(2), 320–348. <https://doi.org/10.1111/twec.12709>

Afonso, A., Huart, F., Jalles, J. T., & Stanek, P. (2020). Long-run relationship between exports and imports: Current account sustainability tests for the EU. *Portuguese Economic Journal*, 19(2), 155–170. <https://doi.org/10.1007/s10258-019-00168-x>

Afonso, A., Huart, F., Tovar Jalles, J., & Stanek, P. (2022). Twin deficits revisited: A role for fiscal institutions? *Journal of International Money and Finance*, 121, 102506. <https://doi.org/10.1016/j.jimonfin.2021.102506>

Beck, K., & Stanek, P. (2019). Globalization or Regionalization of Stock Markets? The Case of Central and Eastern European Countries. *Eastern European Economics*, 57(4), 317–330. <https://doi.org/10.1080/00128775.2019.1610895>

Stanek, Piotr (2019): *Public debt sustainability in a monetary union*, Kraków: Cracow University of Economics. Available at: [https://www.researchgate.net/publication/333221394\\_PUBLIC\\_DEBT\\_SUSTAINABILITY\\_IN\\_A\\_MONETARY\\_UNION](https://www.researchgate.net/publication/333221394_PUBLIC_DEBT_SUSTAINABILITY_IN_A_MONETARY_UNION)

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