INSTITUTE FOR POLITICS AND SOCIETY

ANALYSES



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Poland's Recent Economic Performance as an Inspiration for the Czech Republic

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Summary

Poland's economic transformation is therefore often referred to as the "Polish economic miracle." Despite the achievements made, however, questions remain as to the extent to which the current growth model is sustainable in the long term. The country faces a number of new challenges, including an ageing population, increasing fiscal pressure, the energy transition, labour shortages, and the need to shift from an economy based on lower costs towards one driven by innovation and higher added value.

Key Takeaways

- From a Poor Country to a Leading Economy: Since 1989, Poland has transformed from a centrally planned economy into one of Central and Eastern Europe's leading economies.
- EU Membership and Economic Growth: Since joining the EU in 2004, Poland has experienced rapid growth, with GDP exceeding USD 1 trillion in 2025, supported by EU funds, domestic demand and global trade.
- Rising Living Standards and Wealth: GDP per capita rose from 38% to 85% of the EU average (1990–2025), alongside a significant increase in wealthy individuals.

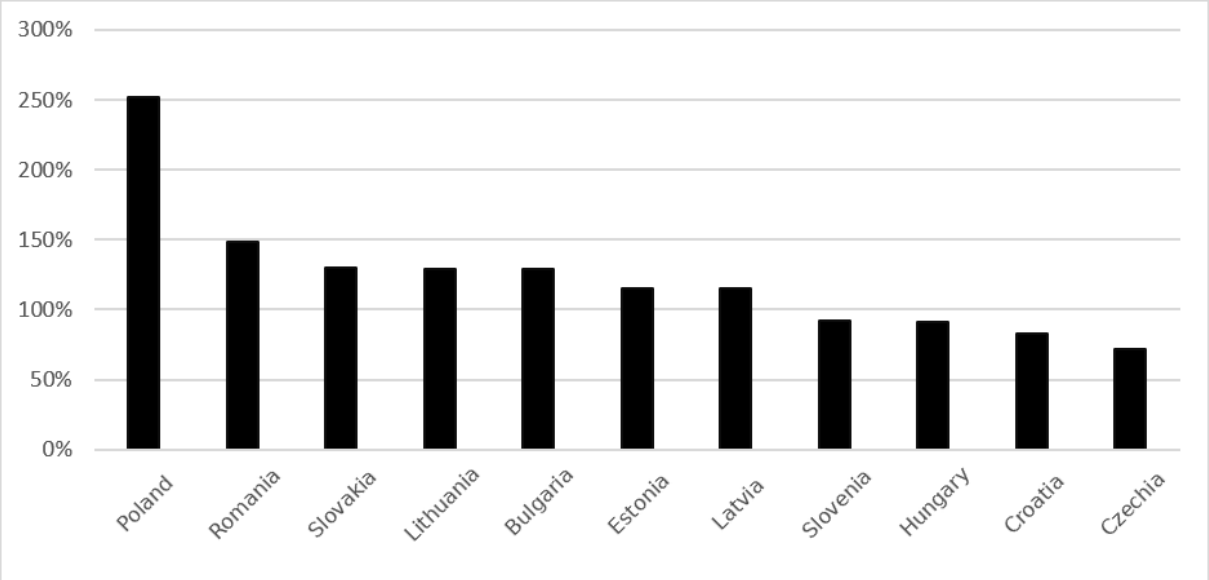
Shock Therapy and Institutional Reform

Poland's economic success cannot be attributed to a single factor. It is the result of a combination of institutional reforms, EU membership, improvements in human capital, entrepreneurial culture, and the ability to build on its industrial traditions. Together, these factors created one of Europe's most successful economic transformation stories.

However, these reforms came with significant social costs. Unemployment reached as high as 16% in the first half of the 1990s, many businesses collapsed, and living standards initially declined. Nevertheless, Poland managed to establish a functioning market economy faster than many other post-communist countries.

In 1990, Poland's GDP per capita (PPP) was approximately USD 6,730, representing just 38% of the EU average at the time. By 2025, it had increased to around USD 55,340, reaching approximately 85% of the EU average. Within one generation, Poland almost quadrupled its economic output per capita several times over, significantly narrowing the gap with Western European countries. This catching-up process was exceptional compared to other post-communist states. Between 1990 and 2024, Poland's GDP per capita increased by 252%, the highest growth rate in Central and Eastern Europe (AP, 2026).

Chart 1: GDP per Capita Growth (PPP), 1990–2024



Source: World Bank, 2026; AP, 2026

A major turning point for Poland was its accession to the European Union in 2004. Since then, the Polish economy has grown by an average of 3.8% annually, compared to just 1.8% for the EU as a whole. EU membership gave Polish companies access to the Single European Market and brought billions of euros in investment through European funds. Poland has consistently ranked among the most successful EU member states in terms of both accessing and effectively using European funding.

Unlike the Czech Republic, where European funds have often been distributed among numerous smaller projects, Poland has directed a significant share of its funding towards strategic investments with nationwide impact. These have mainly included major transport projects, railway modernization, motorway construction, logistics centres and industrial zones. This focus on large-scale infrastructure projects has strengthened the competitiveness of the Polish economy, improved regional connectivity

and created favourable conditions for further domestic and foreign investment (European Commission, 2026).

However, European funds alone cannot explain Poland's overall success. An even more important factor was the strong public consensus on the country's orientation towards the West and the adoption of institutions, regulations and economic standards common in developed European countries. Relatively effective public administration, well-functioning institutions and the ability of regions to prepare and implement development projects allowed Poland to make effective use of the opportunities associated with EU membership.

Another major competitive advantage of Poland is its high level of human capital. In 2025, 45.2% of people aged 25–34 had completed tertiary education, compared to 36% in the Czech Republic (OECD, 2025). The expansion of higher education after 1989 significantly increased the supply of skilled labour and created favourable conditions for the transition towards a higher value-added economy.

The return migration of workers also contributed to Poland's development. Although millions of Poles moved abroad for work after EU accession, many later returned, partly as a result of Brexit. Along with their savings, they brought back professional experience, language skills, business contacts and modern working practices acquired in developed Western European economies. This transfer of knowledge and experience helped increase labour productivity, strengthen the business environment, accelerate economic modernisation and partly alleviate demographic challenges.

Another important advantage of Poland is its favourable investment environment. In recent years, the country has attracted substantial greenfield investments, often in sectors with higher added value, while the Czech Republic has relied more heavily on reinvestment by already established foreign companies. High levels of residential and infrastructure construction have also facilitated the development of industrial zones and increased labour mobility.

Since the 1990s, billions of euros in foreign direct investment have flowed into Poland. Some of the largest investors include Volkswagen, Mercedes-Benz, LG, Samsung, Bosch, Siemens, Intel and Amazon.

Another factor behind Poland's economic success has been its exceptional resilience to economic crises. Poland was the only EU member state that avoided recession during the global financial crisis in 2009. This resilience was largely supported by the size of its domestic market, with nearly 38 million inhabitants, which made the economy less dependent on foreign demand than many smaller, more open economies in the region.

Active fiscal policy also played an important role, as it supported domestic consumption and investment during periods of economic slowdown. The Polish government has consistently used public investment, social transfers and European funds as instruments of economic stabilisation. A high share of domestic consumption in GDP, combined with a relatively diversified economic structure, has enabled Poland to better withstand external economic shocks and maintain stable growth even during periods of uncertainty.

New Challenges Facing the Polish Economic Model

Despite the recent success of the Polish economy, its future development will involve a number of challenges. The first is the unfavourable demographic situation. Poland is one of the fastest-ageing societies in Europe and has been struggling with an exceptionally low birth rate for many years. In 2024, the total fertility rate in Poland was just 1.14 children per woman, compared to 1.36

in the Czech Republic (CZSO, 2026). Although the Czech Republic and other Central European countries face similar demographic challenges, the situation in Poland is currently considerably more difficult. If this negative demographic trend cannot be reversed through higher birth rates, migration or longer working lives among older people, labour shortages could become one of the main obstacles to further economic growth.

The second major challenge concerns public finances. In recent years, Poland has significantly increased its defence spending, which exceeded 4% of GDP in 2025, placing it among the highest levels within NATO and the European Union. This also creates considerable pressure on budgetary stability and the development of public debt. In the second quarter of 2026, Poland's public debt reached 64.5% of GDP, compared to 43.8% in the Czech Republic. While Czech public debt decreased slightly compared to the previous quarter, Poland's continued to rise. Between the first and second quarters of 2026, Poland's debt-to-GDP ratio increased by 3 percentage points, representing the largest increase among EU member states. On a year-on-year basis, it rose by 6.7 percentage points, again the highest increase in the entire European Union (Eurostat, 2026). Although Poland's debt level remains slightly below the EU average, the current trend suggests that maintaining the existing growth model, based on high levels of public spending, may become increasingly difficult in the long term.

The third challenge concerns the transition from an economy based on catching up with more developed countries to one driven by domestic innovation. Economic growth so far has been largely supported by the adoption of foreign technologies, foreign investment and integration into European production chains. However, as living standards and labour costs continue to rise, these sources of competitive advantage are likely to gradually weaken. Further convergence with the most advanced economies will therefore depend on strengthening research and development, supporting technological innovation and creating favourable conditions for domestic companies capable of competing in global markets. Poland's future prosperity will thus depend not only on its ability to attract foreign capital but increasingly also on its capacity to develop its own technologies, brands and innovations.

Conclusion

Poland's economic success is also important for the Czech Republic. For a medium-sized economy that is heavily dependent on exports, having one of the world's twenty largest economies as a direct neighbour is a significant advantage. The growing wealth of Polish households, the development of Polish industry and increasing investment create new opportunities for Czech exporters, investors and supply chains. Moreover, a strong Poland increases the economic attractiveness of the entire region for foreign investors and strengthens its negotiating position within the European Union. Poland's economic rise should therefore not be seen as a threat to the Czech Republic, but rather as an opportunity. Although the two countries naturally compete for investment, the long-term benefits of having a strong and prosperous neighbour are greater. Poland can serve as an important trading partner as well as a source of inspiration for Czech economic policy.

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