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Lessons for Emerging Markets from Poland's Successful Transformation

Abstract

It is widely assumed that the post-socialist transformation started in Poland. This is true, but only in part. Although it was indeed in Poland that various processes contributing to this dramatic change gained in the 1980s the greatest momentum, things were not at a standstill in other countries of Central and Eastern Europe, either. Another widespread assumption is that the post-socialist transformation was set in motion in 1989, when – first in Poland and then, through a chain reaction engulfing the entire region – 'real socialism collapsed' or, as others would prefer to put it, 'communism was defeated'.

There is no doubt that later on Poland has handled the challenges of the great transformation better in many respects than other countries. Hence, after over 16 years of an ongoing post-socialist transformation toward democratic polity, market economy and civil society, there must be certain lessons that other countries, especially the so-called emerging markets, can learn from the Polish experience. Hence it is worth to have a closer look at what works and why and what does not work and why.

There are many lessons one may learn, especially from the perspective of so-called emerging markets. Among them the crucial are that the institution-building matters most for economic growth, but so does the policy, and that there is no chance for sustainable growth without taking a care for its equitability. However, the main lesson from Poland's great systemic change is that at the onset of transition there was quite a big "shock", but not much of a therapy. Hence, the Polish relative success, if it still holds, is not because of shock (without) therapy, but despite of it.