Globalization and Transformation in Central European Countries: The Case of Poland


Abstract

Political and economic transformation in Central European countries (CECs) coincided with speedy globalization founded on innovations and technological progress. On the one hand it created great opportunities, but on the other, globalization threatened the position of various sectors of the economy and their stakeholders who suddenly found themselves exposed to stiff competition. In the post WWII years, despite their apparent comparative underdevelopment and general low productivity, the CECs built up a rudimentary egalitarian welfare state. There were high economic and social differences, but these inequalities were not openly exposed. Political and economic aspirations of Polish society organized in the first Solidarity movement clashed in 1989 and in the years that followed with the reality of a rapidly globalized economy. Liberalization, compression of time and distance due to swift technological changes – being the main building blocks of globalization – led to profound changes in the labor market. It brought higher income and wealth dispersion, and consequently led to wide-ranging uncertainty. These trends were even more magnified by the entrance of the People’s Republic of China and other Asian developing countries into world trade and capital flows. The demand and supply shocks related to their new economic presence sent shockwaves to the whole global economy and made CEC economic transformation more complicated and difficult. In the global context with a dominant liberal approach the role of modern states had been reduced and its tasks became focused on the provision of a stable monetary and regulatory framework facilitating economic agents’ expectation formation. In this context regional, economic and political integration was seen as a viable strategy for national interests protection. Consequently CECs, at the outset of structural reforms expressed their willingness to join the European Union (EU) and its Single European Market (SEM) that was launched in mid 1980s and completed at the beginning of 1990s. The selection of Hungary, Czech Republic, Slovak Republic, and Ukraine as Central and East European countries for comparative analysis with Poland was based on the following grounds. Hungary was a country that had been reforming and transforming its economy since the end of the 1960s. Examination of Hungary allows comparison between the results of long-lasting Hungarian gradual reforms and the results of the radical alternative of the quick pro-market shift implemented in Poland. A comparison with Czechoslovakia and later on with the Czech and Slovak Republics, which had considerably higher economic development and relatively good initial macroeconomic situation allow the assessment of the significance of initial structural differences and the specific premium from the opportunity of following Polish pioneer experiences during the first months of transformation. Ukraine at the outset of transformation had significant structural similarity to Poland. Moreover, the Ukrainian GDP level per capita in 1990 was the same as in Poland. Furthermore, Ukraine, as a post-soviet economy shed some light on the soviet type-institutional and social heritage and its impact on business and macroeconomic performance. Incorporation of Ukraine into the analysis allows verification of whether this country took advantage of a delay premium, since it had started its political emancipation process in August 1991. The choice of South European countries (SECs), namely Greece, Portugal, Spain and Turkey for comparative analysis with Poland stems from the fact, that the first three joined the EU relatively late and the fourth, with European Union membership aspirations is generally seen as one of the most promising fast growing market economies. The aim of the book is present and assess the relationship of globalization and market transformation of Poland at the background of development of selected CE and SE countries. The first Chapter identifies and assesses the interplay between liberalization and the course of events in the contemporary globalization stage. The second Chapter is devoted to post WWII economic policy. It shows the economic policy experience and theory available for CECs both at the outset of their market transformation and intellectual climate preceding the economic and financial events that erupted in 2007-2008. The third Chapter reviews and assesses literature on financial crises. On the one hand they stemmed from human errors, on the other their pace of development and scope of contagion they caused should be seen as negative externalities of globalization. Both crises, but in particular the global financial crisis that began in the US in 2007 had harmful consequences for CECs. Following the first three Chapters the aim of the fourth Chapter is an empirical evaluation and comparison of Poland’s economic performance during market transformation against the background of results achieved in the same period, on the one hand by Hungary, the Czech and Slovak Republics and Ukraine, and on the other by SECs. The fifth Chapter, linked with the fourth is devoted to the major institutional aspect of economic transformation: privatization in Poland. The aim of the sixth Chapter is twofold. The first is to empirically assess the macroeconomic performance of the Polish consecutive democratic accountability terms against the background of economic results achieved in CECs and SECs in 1990-2012. The second aim, referring to findings of Chapter three, is empirical evaluation and comparison of economic performance of Poland and CECs and SECs during the Asian and global financial crises. The book is closed with Conclusions.
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Russia and East Central Europe after the Cold War: A Fundamentally Transformed Relationship / edited by Andrei Zagorski. Prague: Human Rights Publishers, 2015. 426 P. This book reviews and documents the transformation of bilateral relations between East Central European countries and Russia between the end of the cold war and the outbreak of the current Ukraine crisis. It proceeds from the overhaul of the fundamentals of these relations following the collapse of communism in Europe, including renegotiating basic treaties governing bilateral relations or negotiating border treaties by Baltic and Central Europe has re-emerged as a distinctive sub-region embracing the Czech Republic, Hungary, Poland, Slovakia and Slovenia (or more precisely Central-East Europe). Although former East Germany is now within the European Union (EU), it is also in some respect part of this zone because of Berlin's potential wider regional influence. These regional sub-divisions suggest initially that cities in Central and Eastern Europe, which were subjected to a relatively high level of uniformity in their development under socialism (see French and Hamilton, 1979) may be experiencing much more divergent forces and trends in the 1990s and will do so in the foreseeable future.