ANALYSIS CONCERNING SUSTAINABLE DEVELOPMENT OF EU MEMBER STATES MEASURED BY GDP PER CAPITA ACCORDING TO AVAILABLE DATA

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Abstract

For the countries that started to undergo political transformation in the 1990's, the project of joining the European Union was a social, economic and political priority. After initial changes, some countries of Central-Eastern Europe initiated the accession process in the late 1990's. The European Union started to accept those new members in 2004. The accession process started in 2004 and continued in 2007 and 2013. The cohesion policy applied within the EU[1] has resulted in considerable economic growth which can be analyzed based on GDP per capita. Europe is still experiencing economic growth, with the accelerated progress being particularly noticeable in new member states. Both national data (publications by Poland's Central Statistical Office – GUS), and data collected by Eurostat, make it possible to verify the thesis on the sustainable socio-economic development of EU Member States.

Key words: European Union, sustainable development, GDP, data sources

Introduction

Following a decade of severe social unrest, in 1989 the communist regime was bloodlessly toppled by the Polish people. That notable event initiated a period of thorough transformations within the entire Eastern European bloc. The period of 'the dictatorship of the proletariat' across that area severely limited the civil liberties, which was the main cause of the aforementioned social unrest that erupted in many eastern-European countries after World War II. Another, equally significant cause, was the hindered economic development in that part of Europe, and noticeably lower living standard of its citizens. After the political goals had been attained, due to events that took place in Poland, the economies of all the eastern-European countries started to undergo an arduous reconstruction process. That aspect of transformation is what the author wants to focus on in this paper. For obvious reasons, the analysis of observed changes will be conducted base on statistical data for Poland.

Economic changes during the initial transformation period

The events of 1989 had to have an effect of economy. Rapidly implemented reforms, as well as the sudden marketization of business, decreased the GDP value in the first years of the transformation period. Considering the Polish currency exchange rate at the time, as well as the galloping inflation, it would be pointless to quote real GDP values. However, it is possible to demonstrate the relative rate of changes in subsequent years.

Table 1. Rate of GDP value changes in Poland during the initial transformation period.

No.	Year	Change
1	*2*	*3*
2	1989	99.7
3	1990	85.4
4	1991	93.1
5	1992	102.3

Source: Statistical Yearbook 1993. GUS, Warsaw, table 2(214).

Looking at the effects of economic activity in the analyzed year compared to the previous year, one can notice that changes that took place in Poland in 1989 were mainly political, while the economy followed

[1] F. HELBIG, W. MAGRYŚ, Instrumenty Polityki Strukturalnej w Polsce w latach 2007-2013. Kompendium wiedzy dla samorządów lokalnych. Śląski Związek Gmin i Powiatów, Zeszyty samorządowe, no. 8, July 2007 r., p. 6.

the old patterns, which resulted in only a slight GDP drop of 0.3%. It could be assumed that that was just a continuation of the (downward) 80's trend. Fundamental economic changes, related to the Balcerowicz Plan, took place in 1990[2], when the year on year GDP value dropped by nearly 15%. Even one year later the implementation of painful reforms could be felt, with yet another drop of 7%. But that drop was the last one! In 1992, we observed a GDP increase of over 2% and from the moment on, despite global crises, Polish GDP has been increasing each year[3]. There was not a single exception to that trend until 2016 (and we know, even though the Central Statistical Office of Poland has not published the data yet, that the situation in 2017 was similar)[4]. Therefore, the political slogans such as 'the economy is ruined', 'Poland is ruined' are far from the truth. In fact, chanting thereof is, in essence, offensive towards the society, as it is not the politicians, nor subsequent governments, working for the rising GDP, but the society itself, i.e. the electorate – the voters! It is the collective effort of the society, their hard work, despite political clashes between different factions, that secure the success of the economic transformation so far. And the effects of that transformation will be discussed in more detail further in this study.

Poland as compared with selected European countries

This simple comparative analysis includes a selection of European countries that all since 2004 belong to the European Union. However, as further data sets will demonstrate, that is not the only reason for such a selection for the purpose of this analysis. Any comparisons within a group of countries should start with demographic variables. As the changes in population and its structure are what, to a large extent, shapes economic processes.

Table 2. Population of selected countries in 2004-2015.

No.	Country	Population 2004	2015	Change
1	*2*	*3*	*4*	*5*
2	Austria	8105	8608	6.2
3	Belgium	10416	11227	7.8
4	France	60044	64295	7.1
5	Spain	43768	46381	6.0
6	Netherlands	16275	16923	4.0
7	Germany	82561	81355	-1.5
8	Poland	38180	38455	0.7
9	Sweden	8991	9793	8.9
10	Great Britain	59561	65092	9.3
11	Italy	57537	61706	7.2

Source: Polish Annual Yearbooks, GUS, Warsaw.

From 2004 and 2015, the majority of the analyzed countries recorded a population growth. In a course of a decade, the change was considerable and, in most cases, reached 6-9%[5]. Interestingly, the most considerable population growth was recorded in Great Britain, where it exceeded 9%. The Netherlands scored lower than most of the analyzed countries with 4%, whereas Poland recorded the lowest growth of 0.7%. Germany is the only exception, with population dropping by 1.5% in the analyzed period. Theoretically, in the age of data society, with regularly conducted censuses, we should be able to fully trust those figures. And, theoretically, we do, but the situation in Poland is worrisome. With the birth rate gradually dropping since 1984 and the commonly known scale of emigration from the onset of the transition period, and especially since 2004, we look suspiciously at the population growth figures for Poland presented in statistics. The emigration rate is reported in many different ways, but the figure of 2 million emigrants that keeps reappearing in various analyzes on that topic would make the growth presented in the table impossible. We have sufficient knowledge when it comes to work permits for Polish citizens in the European Union, which is why Polish emigration estimates seem accurate. The real issue is estimating the number of people residing in Poland. None of the migrants has to unregister in Poland, dispose of property, change the address, or hand in their national ID, which most likely affects all population statistics, or ballot

[2] P. Gajdziński 1999, Balcerowicz na gorąco. Dom Wydawniczy REBIS, Poznań, p. 5.
[3] Rocznik Statystyczny RP 1999, 2005,2016. Table II, Rachunki narodowe. GUS, Warsaw.
[4] Stat.gov.pl. accessed on 21 March 2018.
[5] In this paper, we will not elaborate on their origins, as it is not a study in demographics, but we should also keep in mind migrations, including immigration from new member states.

data. It is estimated that usually around 50% of voters exercise their voting rights, but nothing is known about voting habits of those 2 million emigrants who are listed on voting registers in Poland.

Even though this issue is detached from the planned analysis of economic variables, the author decided to express his frustration, drawing attention to the above problem, as over two decades of democracy in the country should enable development of data collection methods which would make the figures concerning the country's population to be more reliable.

Back to the topic of economic changes, we do not have such doubts, and the next table shows a simplified picture of the effects of the European cohesion policy. It is reflected by the value of GDP per capita for each of the analyzed countries. If we assume, which can be easily proved, that in 2004 Poland was far behind the countries of Western Europe when it comes to economic growth, the GDP per capita growth of nearly 90% during that period is undeniably impressive. Especially considering the fact that in the remaining countries, the analyzed growth of GDP per capita after 2004 peaked at 30% (Sweden), which means it was three times slower. We must appreciate the fact that such progress was possible and the cooperation with European Union results in noticeable and measurable benefits. In 2004, the value of GDP (in Euros) per one Polish citizen was 20%, compared with a citizen of France. Currently, that value is around 35%. Compared to Spain, in 2004, it was around 25%, whereas today it is around 50%. At the same time, one has to keep in mind that in 1989 we started from a much lower level, and the foundations of the economic growth shown in subsequent tables were laid in years 1989-2004, when we had no real access to the common European policy of coherent and sustainable development. A more comprehensive picture of the period of European integration is shown in Table 3. below, and even more in the Table 4. later on.

Table 3. Changes in GDP per capita in selected countries, in the years 2004-2015.

No.	Country	GDP		
		2004	2015	Change
1	*2*	*3*	*4*	*5*
2	Austria	36064	43683	21.1
3	Belgium	33823	40498	19.7
4	France	34087	36373	6.7
5	Spain	23762	25828	8.7
6	Netherlands	35576	44447	24.9
7	Germany	33196	41086	23.8
8	Poland	6610	12404	87.7
9	Sweden	38527	50271	30.5
10	Great Britain	35669	43762	22.7
11	Italy	29162	29886	2.5

Source: Polish Annual Yearbooks, GUS, Warsaw.

It is also worth noticing that the changes in the analyzed variable (in GUS publications) are surprisingly varied. In the analyzed period of 2004-2015, besides the record increase (apart from Poland) in the aforementioned Sweden, there is also the lowest increase (of 2.5%) recorded in Italy. Such significant differentiation of the effects of the European coherence policy can be surprising, but one must remember that comparing two values from two selected years may be biased due to economic swings and thus may fail to reflect long-term tendencies. Other aspects of the dynamics within the observed changes will be analyzed in the comments concerning Table 4, which includes changes in GDP in all the years of the analyzed period.

Polish Economy among the greatest economic potentials of the European Union

The GDP value of member states is important for the united Europe, which is supposed to become an equal partner for the economies of the USA, China, or Japan. United Europe has functioned in its current form since 2004, when the accession process of ten countries of Central and Eastern Europe was completed. We can observe the economic growth of the member states since that greatest expansion in the history of the European Union. Thus, when Poland joined the EU, its economy could be presented similarly to those of all the remaining member states. Figure 4 presents the biggest economies of the EU (according to Eurostat), expressed in billions of Euros, including all the countries the GDP of which was higher than Poland's in 2004.

With a certain degree of surprise, we notice that Polish economy was much smaller than not only the European powers – Germany, France, or Great Britain, but also Italy and Spain, which have greater population than Poland, which should be reflected by a greater domestic product. In 2004, the Polish economy generated less domestic income than Sweden, Netherlands, Belgium and Austria, i.e. countries, whose total population combined is only slightly higher than that of Poland (43.787 million). The feeling of surprise is dictated by the old bias that only huge demographic potentials can generate strong economies. However, it becomes apparent that what also counts is effectiveness, efficiency, innovation, and organization. As a result, even a country the size of Austria, with just over 8 million citizens, in 2004 recorded a higher GDP than the one achieved in Poland with 38 million citizens.

Table 4. Changes in GDP in selected countries, in the years 2004-2015.

No.	Year	Poland	Belgium	Germany	Spain	France	Italy	Netherlands	Austria	Sweden	Great Britain
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
2	2004	206 120	**298 711**	**2 270 620**	**861 420**	**1 710 760**	**1 448 362**	**523 939**	**242 348**	**307 433**	**1 930 408**
3	2005	246 201	**311 481**	**2 300 860**	**930 566**	**1 771 978**	**1 489 725**	**545 609**	**254 075**	**313 218**	**2 027 473**
4	2006	274 602	**326 662**	**2 393 250**	**1 007 974**	**1 853 267**	**1 548 473**	**579 212**	267 824	**334 876**	**2 146 649**
5	2007	313 874	**344 712**	**2 513 230**	**1 080 807**	**1 945 670**	**1 609 551**	**613 280**	283 978	**356 434**	**2 245 324**
6	2008	366 182	354 066	**2 561 740**	**1 116 225**	**1 995 850**	**1 632 151**	**639 163**	293 762	352 317	**1 974 766**
7	2009	317 083	**348 781**	**2 460 280**	**1 079 052**	**1 939 017**	**1 572 878**	**617 540**	288 044	309 679	**1 716 767**
8	2010	361 804	**365 100**	**2 580 060**	**1 080 935**	**1 998 481**	**1 604 514**	**631 512**	295 897	**369 077**	**1 841 692**
9	2011	380 242	379 106	**2 703 120**	**1 070 449**	**2 059 284**	**1 637 463**	**642 929**	310 129	**404 945**	**1 883 972**
10	2012	389 377	387 500	**2 758 260**	**1 039 815**	**2 086 929**	**1 613 265**	**645 164**	318 653	**423 341**	**2 078 292**
11	2013	394 734	392 340	**2 826 240**	**1 025 693**	**2 115 256**	**1 604 599**	**652 788**	323 910	**435 752**	**2 063 625**
12	2014	411 005	400 288	**2 932 470**	**1 037 820**	**2 147 609**	**1 621 827**	**663 008**	333 063	**432 691**	**2 278 894**
13	2015	430 055	410 435	**3 043 650**	**1 079 998**	**2 194 243**	**1 652 152**	**683 457**	344 493	**449 015**	**2 602 140**
14	2016	425 980	423 048	**3 144 050**	**1 118 522**	**2 228 857**	**1 680 523**	**702 641**	353 297	**465 186**	**2 395 801**
15	***change***	***206 7***	***141.6***	***138.5***	***129.8***	***130.3***	***116 0***	***134.1***	***145.8***	***151.3***	***124.1***

Source: Eurostat, accessed on March 24, 2018.

The comparison of the size of economies at the point of the greatest expansion of the EU guided the selection of countries included in the figures used in this paper.

In the above table, all GDP values higher than Poland are written in bold font. Therefore, we can see that the GDP of Austria in 2004 and 2005 was higher than that of Poland. In the case of Belgium (population of 10.4 million in 2004), its economy was greater than Poland's in the periods of 2004-2007 and then 2009-2010. The third economy that we are trying to catch up with is Sweden (population of 9 million in 2004), the GDP of which was already lower than Poland's in 2008-2009 (most likely due to the global recession), but which then gains the upper hand in the following years. We are unable to catch up with the Netherlands (population of 16.3 million in 2004), the economy of which is constantly higher than that of Poland by 250-300 billion Euros.

Values listed in row 15 of the above table are also worth analyzing. Across the 12 years, all the analyzed economies increased their potential, which is reflected by the increased GDP values, but the rate of those changes varied greatly.

Italian economists may be worried by their country achieving an economic growth of a mere 16%. However, that is an effect of the high level of economic development in the northern part of the country, which contrasts with the very underdeveloped south, with all its too well-known social issues (organized crime, illegal immigrants).

Other countries with a lower growth rate included also Great Britain, Spain, and France – the largest countries with the largest economies. Smaller economies (Belgium, Austria, Sweden) found it easier to achieve a higher growth rate, but still that value over the analyzed 12 years hardly reached 50%.

Against that backdrop, the GDP increase in Poland that exceeded 100% over the 12 years must be viewed as impressive and something to be proud of. For over two decades, Poland was striving to achieve the level of growth seen in the western part of Europe. We still have a long way to go, but the noticeable acceleration and reducing of the gap between us and those countries demonstrates the economic and social potential, and the ability to continue with the high growth rate, despite the internal political turmoil.

One should however be aware that Poland does not constitute the centre of European economic growth. Thus, it is even more important to use all internally available resources with the assistance of external funding. This need is dictated by the limited ability to improve the coherence level due to the diminishing ability to stimulate the socio-economic growth of weaker regions based solely on traditional resources, potentials, and functions. It is referred to as a low-growth trap.[6] Weaker regions are also lee resilient to any disturbances of the growth process resulting from global crises phenomena. For that reason, it is so important to take continuous action to achieve constant economic growth (keeping in mind the social goals at the same time[7]), which yielded noticeable results so far and is reflected by the figures shown in the data sets used in this study.

Conclusions

Europe's regional policy in 2007-203 focused on three primary objectives:

- convergence
- competitiveness and employment
- European territorial cooperation.[8]

Currently, those objectives are still being pursued. That results directly from the provisions set out in Article 3 of the Lisbon Treaty, which refer to the objectives and areas managed by the united Europe '*The EU shall promote economic, social and territorial cohesion, and solidarity among Member States*.'[9] The cohesion policy in the 21st century supports and aids financially all the countries and regions of the EU, but its main beneficiaries are the regions whose gross domestic products (GDP) per capita does not exceed 75% of the Union's average, which so far applied to nearly all Polish regions. The implementation of the adopted programme for sustainable and coherent growth of the united Europe progresses. It comes across obstacles, and the strategy is constantly being readjusted, but the general direction remains the same. Basic economic tendencies registered over the last decades, both globally and within the European Union, are, generally, not particularly favourable when it comes to Europe.[10] The adverse consequences of the 2007 financial and economic crisis observed in Europe and its Member States, led to the growth provisions of the European Union adopted in 2010 being significantly modified in the subsequent economic and social strategy known us Europa 2020.[11] At this point, it is difficult to establish with certainty and accuracy the shape Europe's cohesion policy will take after 2020.[12] In 2010, European Commission introduced the fifth cohesion report which set out very precise provisions related to the European cohesion policy after 2013 that provided the basis of its design for years 2014-2020.[13] It needs to be mentioned, that due to consistent implementation over the last years of the long-term coherence policy, the planned effects can be seen and Europe's economy remains one of the main links in the global progress and civilizational development. We can also be proud that Poland remains noticeable among the leaders of that growth path and it occupies the well-deserved place among the most influential European countries and economies.

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