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## Effect of Inflation on Poland's Economic Growth in 2021-2022

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**Abstract:**

**Purpose:** The present study is an analysis of inflation and economic growth. Its purpose is to present the impact of inflation processes on economic growth as well as to formulate the relationship between these two basic economic categories.

**Design/Methodology/Approach:** Secondary information sources were used in the study, mainly economic reports, available literature on the subject, statistical data retrieved from the Polish Central Statistical Office (GUS), as well as EUROSTAT statistical information. Published sources were analysed and reviewed using a descriptive approach. Statistical data was analysed by means of the Pearson linear correlation coefficient and the linear and polynomial trend model.

**Findings:** Statistical analysis confirmed the existence of a moderate relationship between the inflation rate and the economic growth index. The relationship is inverse, i.e. the higher the inflation rate, the lower the economic growth index.

**Practical Implications:** A low inflation rate has a long-term positive impact on the rate of economic growth, vindicating the choice of price stabilisation as a goal of monetary policy.

**Originality/Value:** The analysis of macroeconomic phenomena in the post-pandemic period seems to be necessary to explain the course of current economic processes. The lockdown has weakened national economies, but the relationship between inflation and economic growth has not changed its nature. Therefore, it seems justified to continue research on such relationships.

**Keywords:** Inflation, economic growth, CPI, GDP.

**JEL Classification:** E31, O47.

**Paper type:** Research article.

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## **1. Introduction**

Economics is a field of research which eludes a clear-cut, straightforward interpretation. Economic phenomena are highly complex and intricate, which makes them difficult to analyse. Undoubtedly, such complex economic processes include monetary disruptions, i.e., inflation or deflation, as well as economic growth, all of which are inextricably linked to economic policy.

Economic policy can be understood and explained in various ways. In a broader context, it is viewed as the entirety of a country's activities which include economic order and the functioning of its economy. Hence, it encompasses both systemic economic policy and the government's current policy. The former involves creating basic and fundamental "constitutional" principles of economic life, whereas the latter includes activities aimed at regulating economic processes. Therefore, we distinguish monetary, fiscal, income policy, etc., where stabilisation operations are carried out and the effects of the market distribution of income are corrected.

Further in this study, the authors will focus on monetary policy, specifically on the phenomenon of inflation, which may stimulate or destimulate economic growth.

Economic growth policies are inconsistent in capturing the influence of economic policy on economic growth. We may distinguish those which view economic policy as an exogenous factor (the Solow Growth Model) and those which treat it as an endogenous factor (the Romer Growth Model). Unlike the relationship between public finance and economic growth, the connection between inflation and economic growth is not a well-researched area.

In the case of the former relationship, public finance deficit and related public debt negatively affect the economic growth rate long-term, as found in many studies, e.g., those by R. Levine and D. Renelt. In the case of the latter relationship, the connection presents more problems and questions. For this reason it is worth considering the links between inflation and economic growth in more detail in order to determine their character. The task is far from easy but may be of critical importance if we wish to understand how both phenomena play out in the future.

The attempt to explain the impact of inflation processes on economic growth has recently become even more relevant. This is primarily caused by the latest developments in the global economy. We are witnessing multiple disruptions which directly affect inflation processes and economic growth in national economies, also in Poland.

The increasingly extensive and strong interference of the government in socio-economic matters, the COVID pandemic with its economic aftermath, the Russian-Ukrainian military conflict, the energy crisis, coupled with the situation in the Near East, the state of Chinese-American relations are factors neither the existence nor

scale of which could have been predicted. Nevertheless, they do and will exert a major impact on inflation and, obviously, on economic growth.

This research study is aimed at determining the nature of the effect of inflation on Poland's economic growth in 2021-2022. The main research problem is formulated as the following question: is there a relationship between the inflation rate and the economic growth index; if yes, what is the nature and strength of this relationship? To that end, the author:

- presented inflation and economic growth in a theoretical aspect, referring to statistical data on the subject,
- reviewed state of the art on the effect of inflation on economic growth,
- determined the relationship between the inflation rate (consumer price index, CPI) and the gross domestic product (GDP) in Poland at quarterly intervals.

This study made use of secondary information sources, mainly economic reports, available literature on the subject, statistical data retrieved from the Polish Central Statistical Office (GUS), as well as EUROSTAT statistical information. Published sources were analysed and reviewed using a descriptive approach. Statistical data was analysed by means of the Pearson linear correlation coefficient, and the linear and polynomial trend model.

## **2. Theoretical Perspective on Inflation and Economic Growth**

Inflation is analysed theoretically and empirically in literature, hence the impression that the mechanism of inflation has been exhaustively explained at least in its theoretical aspect. However, it should be noted that relationships between inflation and other economic phenomena, which continue to be analysed, sometimes reveal new perspectives on the inflation process.

We may only verify such perspectives in hindsight, although one may venture to claim that, so far, no "ultimate truth" about inflation has been found. Inflation is an ambiguous, inconsistently defined concept due to the difficulties in discriminating between inflation in the strict sense, its accompanying phenomena and the results that it triggers. Consequently, there is a need to look for the substance, causes and good practices concerning inflation in today's world.

Economic literature has offered various definitions of inflation depending on the context in which the phenomenon was placed. Attempts at defining inflation in socialist economies put emphasis elsewhere than studies concerning capitalist economies. Despite the existence of different approaches and various theoretical accentuations, the nature of inflation, i.e., the process of changes in prices across the economy, has remained unchanged.

Inflation is measured by public statistical authorities and presented in the form of price indexes. It is usually understood as mean changes in consumer prices of goods and services purchased by the average household (the so-called *consumer price index, CPI*). Price indexes are also calculated in other areas of economy, i.e. agriculture, industry, construction, transport, import and export, wholesale and retail operations, as price changes taking place on every stage of the economic process affect inflation experienced by consumers (Adach-Stankiewicz, Białek *et al.*, 2019).

As long as inflation remains under control without exceeding the inflation target, there is no cause for concern. To that end, direct inflation targeting (DIT) is commonly applied, defined as a monetary policy strategy of the central bank which involves obliging the bank to ensure price stability, publicly announce the mid-term inflation target, have a clear, transparent information policy, make decisions on the application of a suitable monetary policy instrument to various indexes and economic health data and to release inflation forecasts as an intermediate target (Przybylska-Kapuścińska, 2006). Table 1 presents inflation targets for selected countries which apply the DIT strategy.

**Table 1.** *Inflation targets for selected countries applying the DIT strategy*

Country	Target value	Target value measure	Authority determining the target
Australia	2-3%	CPI	Government + central bank
Czech Republic	2% (+/-1 pp)	CPI	Central bank
Israel	1-3%	CPI	Government
Norway	2.5%	CPI	Government
Poland	2.5% (+/-1 pp)	CPI	Central bank
Serbia	4% (+/-1.5 pp)	CPI	Government + central bank
Thailand	0.5-3%	Base inflation: CPI excl. unprocessed food and energy prices	Government + central bank
Turkey	5.5% (+/- 2 pp)	CPI	Central bank
Hungary	3%	CPI	Government + central bank
United Kingdom	2%	CPI	Government

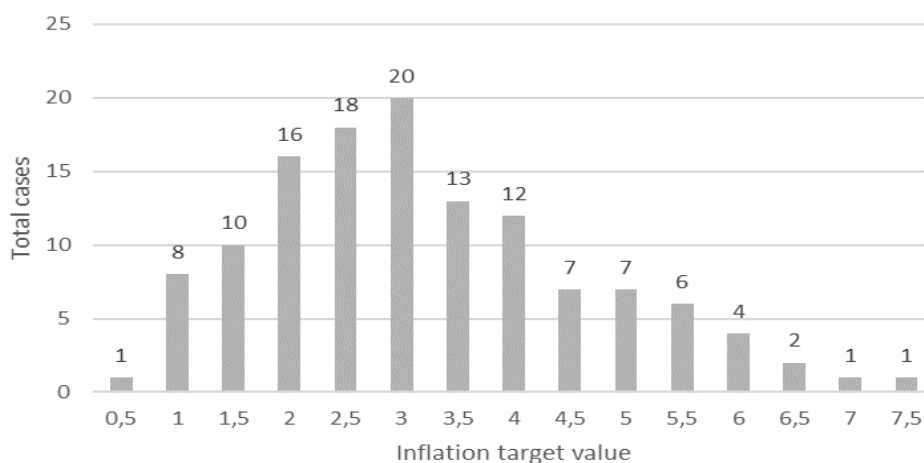
**Source:** Authors' own work, based on P. Błaszczuk, *Stabilność cen – sposoby definicji oraz wyzwania dla polityki pieniężnej, Materiały i Studia, Book 249, Warsaw 2010.*

Column 2 contains key information in terms of the subject matter of this study, i.e. inflation target value. As shown in Figure 1, most countries endeavour to reach and maintain inflation rate at a level of 2-3%, with minor exceptions. The value announced by the National Bank of Poland is 2.5% (+/-1 pp). Like in the majority of other countries, in Poland inflation is measured by the Central Statistical Office as

the CPI – the consumer good and service price index. In fact, it is a simplified version of the cost of life index (COLI), in which the basket of analysed goods and services is narrower and does not include certain costs related to e.g., crime prevention and solving (ZPP, 2022).

The rightmost column lists authorities which set inflation targets. This normally involves cooperation between the government and the central bank. In Poland, the competences are held by the central bank, with the Monetary Policy Council (MPC) as its prominent decision-making body.

**Figure 1.** A collective list of inflation target values

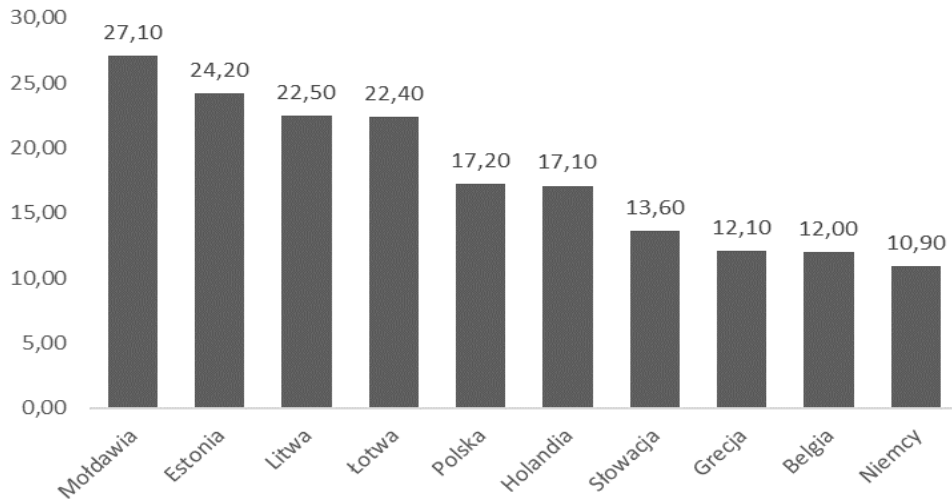


**Source:** Authors' own work, based on P. Błaszczyk, *Stabilność cen – sposoby definicji oraz wyzwania dla polityki pieniężnej, Materiały i Studia, Book 249, Warsaw 2010.*

Poland's inflation target is at the same level to which the majority of the countries analysed here aspire. This, we may assume that it is consistent with the experience of other countries which use the BCI strategy.

As a phenomenon, inflation may be perceived differently depending on its level. Many economists claim that the so-called "good inflation", which does not have a negative impact on the country's economic growth, should be no higher than 4%.

An analysis of inflation target values indicates that most countries set this target at 2-3%, which may imply that the authorities responsible for defining the target (central bank, government) are convinced of its positive effect on national economy. In Poland, the value has been set at 2.5% (+/-1 pp). As can be seen in Figure 2, in the past few months the real inflation rate has deviated from the target, both in Poland and other countries.

**Figure 2.** HICP-based inflation in selected EU countries in September 2022

*Source:* Authors' own work, based on data from EUROSTAT.

The data reveals alarmingly difficult economic conditions in the EU countries. The situation does not look much better outside the EU, either. In the US, annual inflation reached 8.2 per cent in September. To date, Fed's attempts to lower inflation by raising interest rates have fallen short of the mark. Turkey has one of the highest inflation indexes globally.

According to Turkey's Statistical Institute, prices rose by 83 per cent in September relative to the equivalent period in 2021. Interestingly, Turkey stands out due to a non-standard response of its central bank, which startled markets by lowering interest rates in recent months. The Turkish government is optimistic in claiming that the inflation will drop once the economy recovers due to lower interest rates; this approach is meant to boost export and keep the country's trade balance positive.

The issue of economic growth has been present in economic literature and investigated ever since the rise of economics as a science. Economists are interested specifically in the subject of economic growth factors and stimulants. As state interventionism emerged, sustaining a high economic growth rate whilst limiting its fluctuations was one of the most important aims of economic policy (Swadźba, 2021).

Currently, a number of countries consider economic growth one of the key political and economic goals, as it offers improved living standards to residents. Economic growth studies concentrate primarily on measuring the rate of changes in the Gross Domestic Product (GDP) and its growth determinants. Gross domestic product is a basic measure of economic growth, with per capita GDP being applied in comparisons between countries. Please note that despite GDP being only a measure

of market production, it constitutes a significant factor shaping national wealth and social welfare levels (Stiglitz, Sen, and Fitoussi, 2013).

Economic growth may be perfectly encapsulated as the process of creating and enhancing actual size of the social product, accompanied by structural changes in domestic product and the entire economy (Skubiak, 2014). Due to the progress of globalisation, dynamic environment and changes in economic systems, attempts are made to isolate new factors affecting economic growth or reveal existing ones in a previously unknown perspective. The table below outlines selected economic growth concepts.

**Table 2.** Selected economic growth concepts

Author	Concept description
A. Smith	Economic growth determined by production volume, division of labour and technological innovation. Per capita income a criterion of prosperity.
R.M. Solow	Technical progress as the single most important determinant of economic growth.
A. Lewis, W. Rostow	Economic progress based on quantitative changes in production and qualitative changes (social factors).
J.K. Keynes	Short-term model of economic growth based on supply and demand balancing.
D. Begg, Fischer, R. Dornbusch	Economic growth determined by increase in macroeconomic factors, particularly increasing gross domestic product (level, dynamics, structure).

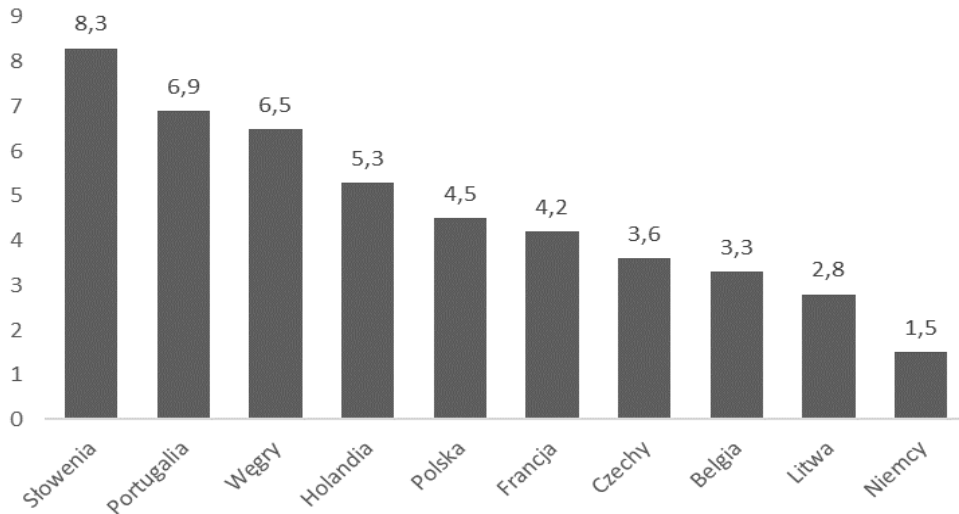
**Source:** A. Sulich, A. Grudziński, L. Kulhanek, *Zielony wzrost gospodarczy – analiza porównawcza Czech i Polski, Prace Naukowe UE we Wrocławiu, Vol. 64, No. 5, 2020.*

GDP in the EU countries has markedly decreased at quarterly intervals compared to the equivalent period in the previous year. The current downturn is visible particularly in those countries, albeit not limited to economies with high inflation.

According to Eurostat, in Q2 2022, seasonally adjusted GDP increased by 0.8 per cent in the eurozone and 0.7 in the EU compared to the previous quarter. In the second quarter of 2022, in comparison to the same quarter in the previous year, seasonally adjusted GDP rose by 4.1 per cent in the eurozone and 4.2 in the EU.

According to International Monetary Fund, the economies that will develop the fastest in 2022 include Guyana (57.8%), Iraq (9.3%) and Ireland (9.0%).

Government, especially its central authorities and public institutions, plays a crucial role in economic growth, since they shape fiscal and monetary policy, which may prove a significant pro- or anti-growth factor. For economic growth to take effect, the government should create suitable institutional framework, i.e. market development, a property right system and the so-called “good money” – of appropriate value and in appropriate quantity.

**Figure 3.** GDP in selected EU countries in the 2nd quarter of 2022

*Source:* Authors' own work, based on data from EUROSTAT.

### 3. Effect of Inflation on Economic Growth in Light of Previous Studies

Inflation may affect multiple processes and economic phenomena. Its effect on economic growth, which determines the country's development in a broader socio-economic context, appears particularly interesting.

For years researchers have analysed relationships between fiscal phenomena, including inflation, and the economic growth rate. Cross-sectional studies carried out in over 100 countries in the 1990s showed that a 5 pp increase in interest rates lowers the investment rate by 0.2-0.3 pp. Other research revealed that the long-term effect of inflation on investments is negative (a permanent rise in inflation by 5 pp causes the investment rate to drop by approx. 1.44 pp). This confirmed the adverse long-term impact of inflation on the investment rate (Baranowski, 2005).

The direction of the effect on inflation on economic growth is not clearly or consistently defined by economy as a science. For this reason economists argue that a key issue is to determine the optimal inflation rate for a given country, i.e. an inflation rate for which the real economic growth rate is the highest. Optimal inflation rate depends on the characteristics and structure of the economy and varies by country.

An optimal inflation rate is a level at which the current net value of the benefits of a continued reduction in inflation becomes equal to the current net value of the cost of such reduction (e.g., a rise in the unemployment rate above natural level). As the inflation rate approaches zero, the costs of reducing it any further may become increasingly severe.



Thus, the optimal inflation should assume positive values, slightly above zero (Bednarczyk, 2011). We find many interesting academic discussions on this subject, e.g. the concept of inflation-free growth by M. Friedman, who postulates working towards a balanced growth condition in which inflation ceases to be a disrupting factor rather than simply striving to achieve zero inflation.

In his single-equation econometric models, with inflation as a non-linear function, Baranowski argues that there is an optimum inflation rate below (and above) which inflation has an adverse effect on economic growth. This rate fluctuates between 3.8 and 4.3% (Baranowski, 2008).

Bednarczyk looked for an inflation rate which does not slow down economic growth, a rate set differently for each economy, at which the said economy would develop the fastest. Based on studies conducted for 15 EU member states, based on data from 1993-2003, it was found that an inflation rate which does not hinder economic growth ranges from 1.65 to 6.18%, whereas the boundary value interval based on data for 1997-2007 was 1.1-3.6% (Bednarczyk, 2009).

Studies on the optimal inflation rate reveal certain differences in its values and the maximum stimulation of economic growth. Slightly different values are reported for “rich” countries with their specific socio-economic system in comparison to “poor” countries. In addition, geographic location, membership in economic unions, stability of economic and financial system causes the aforementioned threshold levels to vary to a lesser or greater extent.

Japanese researchers used a non-linear New Keynesian model to perform highly valuable analyses. Their findings prove that the optimal inflation rate is 2% but, depending on a set of certain conditions in a specific country – such as nominal price rigidity, monetary resources or nominal wage rigidity – it may be subject to an absolute deviation of 1 pp (Mineyama, Hirata, and Nishizaki, 2022).

Findings in a substantial number of empirical studies suggest a long-term negative impact of inflation on economic growth. For example, based on statistical data for 100 countries in the years 1960 -1990, R. Barro proved the existence of a non-linear relationship between inflation and economic growth. Inflation’s negative effect on economic growth is also confirmed by the results of empirical studies by other researchers.

J. Andres and I. Hernando reported a significantly adverse effect on economic growth and a non-linear relationship between both and proved that a 1 pp drop in inflation can boost production by 0.5-2.5%. A. Gosh and S. Philips found a positive correlation between low inflation (2-3%) and the economic growth rate. S. Fisher proved that inflation affects economic growth by curbing investments and lowering the productivity growth rate (Bukowski, 2014).

Another perspective in the discussion is provided by studies by Turkish researchers, who applied dynamic analysis of panel data. In their analyses, they examined the relationship between price stability and economic growth. Assuming that there is no theoretical evidence as to which inflation rate is considered high or low for entities making economic decisions in the context of generating economic growth, an attempt was made to determine such threshold level.

Following a detailed analysis of data collected from 24 countries, the threshold was determined at 4.182%. Below 4.182%, the inflation/economic growth relationship is irrelevant, whereas above 4.182% inflation affects growth in an adverse manner. This enables us to draw an extremely valuable conclusion, namely that the relationship between inflation and economic growth is non-linear and asymmetrical (Ekinci, Tuzun, and Ceylan, 2020).

Meanwhile, analyses of inflation versus economic growth in Poland in the years 1991-2009 confirmed the existence of a non-linear relationship between the two phenomena. A significant negative relationship between inflation and economic growth in Poland was found for an inflation rate below 2.49%; twice as strong negative correlation between the two variables was reported for an inflation rate in excess of 11.8%. No linear relationship between inflation and economic growth was reported for an inflation rate lower than 2.49% (Misztal, 2010).

During the 31st Economic Forum in Karpacz, the coexistence of the current high inflation in Poland and economic growth was widely discussed. Unfortunately, most experts agreed that at an inflation level of 17% (which could reach even 20% over the next few months) economic growth will be slight and Poland's GDP is going to increase by no more than 0.5 per cent. This constitutes a considerable decline when compared to the expected 2.5 per cent and confirms a strongly negative effect of such a high inflation on economic growth (albeit inflation is not the sole factor at play).

Monetary policy in the majority of well-developed countries entails price stabilisation; the application of monetary policy instruments serves this purpose. This is in line with the theory of long-run neutrality and short-run non-neutrality of money. Accordingly, in the short run monetary expansion will presumably lead to an increased product; in the long run the economy will regain balance at the potential product level, albeit with higher prices. Therefore, monetary expansion will inevitably result in inflation.

High inflation negatively impacts economic growth processes in the long run, causing the following outcomes referred to in literature on the subject:

- negative impact of the "inflation tax" on real income, savings; uncertainty related to price changes and a drop in the rate of investment in the GDP;
- financial market disruptions (increased speculation);

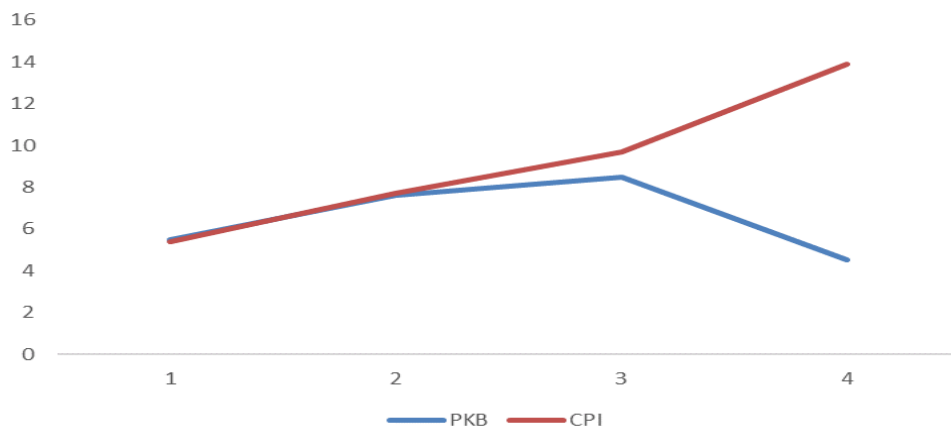
- decline in labour productivity.

As a consequence, the aforementioned factors lead to low economic growth in the long run.

#### 4. Relationship between Inflation and Poland's Economic Growth

The relationship between inflation and economic growth in Poland may be represented visually. These relationships, together with trend lines (linear and polynomial), were presented in the figures below. The GDP (% y/y) and the CPI (% y/y), both at quarterly intervals, were considered. The analysis was limited to the last four quarters, primarily due to their relevance, excluding previous quarters, characterised by disruptions caused by the first phase of the pandemic and the resulting economic lockdown.

**Figure 4.** Inflation rate and GDP in Poland in 2021-2022



**Source:** Authors' own work, based on data from the Central Statistical Office (GUS).

Figure 4 is a graph outlining changes in the GDP and inflation rate in Poland in the years 2021-2022, i.e., the 3rd quarter of 2021 (1), the 4th quarter of 2021 (2), the 1st quarter of 2022 (3) and the 2nd quarter of 2022 (4). Based on Figure 2, we may conclude that the inflation rate was growing consistently, starting from 5.4% up to 13.9% in the last analysed quarter. Meanwhile, the GDP was initially on the increase but dropped significantly in the last analysed quarter. Consequently, increasing inflation is accompanied by a noticeable decrease in the economic growth rate.

Apparently, forecasts for both analysed phenomena support the aforementioned principle, which says that if inflation continues to grow, economic growth will continue to decline as well. Analysts and the World Bank expect that in the first quarter 2023 inflation will exceed 20%, with economic growth at the level of merely 1.5% (in contrast to a previous forecast of 3.6%). It is worth mentioning that, in

addition to price stability, economic growth rate is influenced by other macroeconomic factors, as well as global determinants. For example, the war in Ukraine has deteriorated the prospects of a post-pandemic recovery in Poland and other European countries.

The Pearson correlation coefficient is frequently applied when studying interrelated phenomena.

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}}$$

It takes values within the range [-1 and 1], where “0” stands for no linear correlation, “1” is a perfect linear correlation, and “-1” a perfect inverse correlation (an increase in the values of one variable is associated with the decrease in the values of the other variable). Of note is the fact that the Pearson coefficient only allows us to determine the existence of a linear relationship between variables (and that the absence of a linear relationship does not preclude the presence of a non-linear one).

The function has the following syntax:

=PEARSON(table1;table2)

where:

table 1 – the range containing arguments of one variable,

table 2 – the range containing arguments of the other variable,

**Table 3.** Poland's CPI (% y/y) and GDP (% y/y) at quarterly intervals

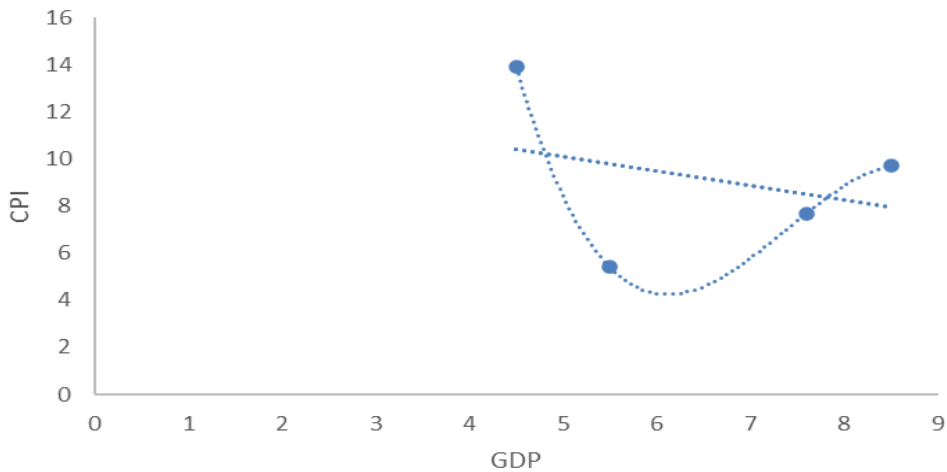
Period	CPI	GDP
Q3 2021	5.4	5.5
Q4 2021	7.7	7.6
Q1 2022	9.7	8.5
Q2 2022	13.9	4.5

*Source:* Authors' own work, based on data from the Central Statistical Office (GUS).

Calculated on the basis of the above data, the Pearson linear correlation coefficient is -0.31301. A conclusion which may be drawn from this is that there is a moderate relationship between inflation rate and the economic growth index. This relationship is inverse, i.e., the higher the inflation rate, the lower the economic growth index.

Figure 5 allows us to identify noticeable relationships between the two categories for Poland. A strong inverse relationship between inflation and the GDP is visible. The presence of a negative relationship appears to confirm earlier theoretical considerations in light of previous empirical research.

**Figure 5.** Relationship between inflation (CPI) and economic growth (GDP) in Poland in 2021-2022 (linear and polynomial trend)



**Source:** Authors' own work, based on data from the Central Statistical Office (GUS).

Therefore, high inflation causes a decline in the economic growth rate; a considerable threat which will presumably contribute to economic stagnation. Hence, we witness a robust response on part of the Monetary Policy Council, which has raised interest rates for the 11th time since November 2021, with the current reference rate equal to 6.75 per annum.

Further increases are expected to target the growing inflation and prevent a worst-case scenario for the Polish economy. Please note that while a high inflation rate affects economic growth, increasing interest rates too rapidly may also bring the economy to an abrupt halt, an equally dangerous situation.

## 5. Conclusions

Taking into account two of the most relevant economic phenomena, i.e. inflation and economic growth, we may argue that they can be explained by multiple economic and financial theories but also theories from other fields of research, such as the practice of management or decision-making, etc. The present analyses of theoretical concepts on inflation and economic growth demonstrated that there is no single theory which could explain the relationships between both phenomena.

For this reason researchers have and will attempt to determine the nature of the effect of inflation on economic growth. The task is far from simple, since it relies on many determinants, such as the socio-economic system, the country's economic development, and also a number of other, independent factors at work in the global economy.

A review of previous empirical studies on the impact of inflation on economic growth leads to the conclusion that 2.5% is the threshold above which the correlation between inflation and economic growth is negative. The findings cited above prove that a low inflation rate favours long-term economic growth. There are no studies which would clearly and conclusively argue that maintaining inflation at a low level (1-2.5%) hinders economic growth.

An analysis of statistical data from Poland collected over the past four quarters confirmed a noticeable relationship between inflation and economic growth. Periods of elevated inflation (high CPI) are associated with low economic growth (low GDP level). Therefore, the claim that low inflation is beneficial for economic growth was confirmed. The only issue to be closely examined was the level at which the negative effects of inflation start to rise markedly.

The analysis of the effect of inflation on economic growth outlined in this study yields a number of important conclusions:

- the relationship between the inflation rate and the economic growth index is non-linear and asymmetrical;
- there is a moderate negative relationship between the inflation rate and the economic growth index;
- a low inflation rate has a long-term positive impact on the rate of economic growth, justifying the choice of price stabilisation as a goal of monetary policy;
- governments and central banks should concentrate their efforts around creating supply conditions for long-term economic growth rather than focus on short-term active economic policy with attempts to control demand.

In light of the above conclusions, it seems proper to quote the following words by A. Wojtyna: "Economists largely agree that moderate inflation is better than high inflation, and low inflation better than moderate inflation" (Wojtyna, 2004).

Statistical data on inflation and economic growth for selected countries as well as phenomena projected for the nearest future are not optimistic. According to analyses conducted by the Organisation for Economic Cooperation and Development (OECD), global economic growth is slowing down more abruptly than initially predicted.

In addition to the Russian invasion of Ukraine and the resulting energy crisis, the inflation crisis remains the main factor responsible for recession in national economies. It is expected that the global inflation issue cannot be solved until 2024. Accordingly, in 2022 we expect a global growth of 3%, which is predicted to go down to 2.2% as early as 2023.

Thus, the outlook is pessimistic. Technically, we cannot speak of recession (i.e., a decline in the economic growth rate) in Poland, since recession would mean that the GDP has been falling for at least two consecutive quarters. Still, economic forecasts imply that the decrease in the GDP will continue, or even exacerbate in the next quarters due to galloping inflation. To conclude, recession in Poland seems inevitable in the nearest future.

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