

Poland 2014



Total: 70.72

Quick facts

Population:	38.02 million
Unemployment rate:	8.99 %
GDP:	546.64 billion \$
GDP growth rate:	3.3 %
GDP per capita:	14379 \$

Political Freedom

Free and Fair Elections : 10

Elections in Poland are free and fair. Voters elect the president who can serve a maximum of two five-year terms. The members of the National Assembly are elected for four-year terms. The prime minister, whose appointment by the president must be confirmed by the *Sejm* (the National Assembly's 460-seat lower house) is responsible for most government policy. The president has considerable influence over defence and foreign policy matters. The 100-seat upper house, the Senate, can delay and amend legislation but has few other powers.

Poland's political party landscape is vibrant and faces no restrictions. Ethnic or other minority parties enjoy some legal privileges: They have to garner fewer signatures than their mainstream competitors in order to be placed on the electoral lists and the 5% electoral threshold does not apply to them. This has allowed Poland's German minority, for instance, to be continuously represented in the *Sejm* since 1991. A 2011 amendment to the electoral law requires 35% of party list candidates be women. (But it doesn't explicitly say where they should be placed on the list.) The original draft amendment had contained some restrictions on electoral campaigning through the media. These restrictions were challenged by the opposition parties and finally rejected by the Constitutional Court.

Absence of Unconstitutional Veto Players : 8.33

There are almost no veto players without a constitutional mandate in Poland's political system and the elected government has the power to govern. However, the Church traditionally has a strong

influence on some policy matters, such as educational issues and gay and lesbian rights, and has on occasion successfully influenced related government policies.

Freedom of Press : 7.3

The Constitution protects freedom of speech and press. But libel and some forms of insult (e.g. of the religious variety) are criminal offenses punishable by fines or jail. This has meant that the media on more than one occasion have found themselves at the receiving end of a defamation suit by government officials or public figures. Some of these are seemingly aimed at simply silencing irksome journalists and although the courts have ruled in favour of defendants in many cases, the growing number of defamation suits hints at a rather worrisome trend.

Another law, Article 196 (the so-called “blasphemy law”) of the penal code, comes frequently under criticism as it is seen to constrain freedom of expression and the press. Although infrequently used, it has resulted in some verdicts in, on the face of it, innocuous cases; most notably the \$1,500 fine handed in 2012 to pop singer Dorota Rabczewska who was found guilty of offending religious feelings. (She had said during an interview that the bible was written by people who “drank too much wine and smoked herbal cigarettes”).

Rule of Law

Independence of the Judiciary : 4.25

Even though judiciary is considerably more independent than in the (otherwise comparable) Hungary, it is still the Achilles` heel of the rule of law in Poland. According to Freedom House, it is the least reformed one of the three branches of government. Continuity in personnel with pre-democratic times is still there. Equality before the law is lacking, as politicians or celebrities are treated more favourably than others, including in criminal cases. The worst facet is the length of trials, which often drag for years. In 2013, a few breaches of European standards were noted, such as arbitrary arrests, detention without trial, searches without warrants, or inhumane conditions in prisons. All those, in spite of the firm constitutional guarantees and extensive legal framework, which protect human rights and freedom in various areas, from politics or religion to business and property rights. During 2012-2013, the criminal code articles on defamation were challenged by the ombudswoman but the Constitutional Court upheld them. Yet the alleged discrepancy between various laws and Constitution has been most often cited as the main cause of the arbitrariness of judiciary in some human-rights sensitive cases.

Corruption : 6

Poland is fighting against two types of corruption. In communist times, the low level one - manifested through bribing in (with either money, or goods in shortage, or social influence) one`s access to scarce public services such as health care or even education, or to obtain material goods that were in shortage at the market - was pervasive. With the transition to market economy and privatization or other modernization of the large parts of the public sector there remained ever less need or space for such corruption. The remains are dealt with by the Central Anticorruption Bureau. However, petty corruption is not yet eradicated. A major case was opened in late 2013,

affecting scientific research at a state-funded university. Another, more dangerous yet less tackled type of corruption is the political one. Financial flows in the political parties, appointments to public sector senior jobs, public procurement in many areas, or deliberate bureaucratic obstacles to businesses in order to extract donations are among major reasons for concern. There is public awareness of the need of smart deregulation in various areas of economy in order to free the enterprises from bureaucratic arbitrariness and thus diminish space for corruption, yet legislators have done too little to carry such reforms. In 2013, a number of revealed corruption scandals in politics included two government ministers resigning because of suspected corruption and investigations being thereby opened. Transparency International's Corruption Perception Index tells that Poland is slowly advancing in its anti-corruption struggle, unlike otherwise comparable Hungary which is falling. With the score 60 in 2013 it took the place 38 of 177 - an improvement as compared with the rank 41 (and the score 58) in 2012. The tendency is further rise.

Protection of Human Rights : 7.72

Human rights in Poland slowly advance, while caught in the middle of a battlefield of various mutually opposing - or conflating - historic and contemporary factors: the EU membership, and needs or influences thereof; an insufficiently reformed judiciary; a vibrant civil society consisted of dozens of thousand of active - both secular and faith-based, both humanitarian and human-rights` oriented – NGOs; and a deeply entrenched social conservatism amongst the population (inherited from pre-communist times, including nationalism, homophobia and various bigotry against minorities). Freedom of expression and association is highly valued, stemming from the traditions of the long and heroic pre-1989 struggle for national and civic freedom from communist oppression. Similar goes for freedom of the press and the Internet. Protection of the vulnerable minorities (such as children, elderly, or disabled) is very well organized by the civil society, some of which is tied to the Roman Catholic Church. But some other minorities face problems: various manifestations of bigotry (against Romany, or Jews, or Muslims, or immigrants, or small religious communities) are not rare. Nationalism often goes violent. Homophobia is strong, while 60% of the population opposes even registering of the same-sex partnerships (not to mention proper marriages or child adoptions). Interesting thing thereby is that no law against homosexuality as such ever existed in the country. Women still struggle to get stronger foothold in political or other public institutions.

Economic Freedom

Security of Property Rights : 5.69

Property rights are overall secure in Poland, due to established integrity of the legal system. However, there are still problems in the area of court impartiality and judicial independence. Business costs of crime are low and police system is reliable. Restrictions on the real property owned by the foreigners still remain: permits by the Ministry of Interior Affairs are necessary for their acquisition, even in case of acquisition of legal entities that own real property. Furthermore, foreign nationals (including even the European Economic Area nationals) cannot hold agricultural land. Enforcing contracts is a long process incurring high costs due to the high number of procedures involved. Resolving insolvency is a much better organized process which provides high recovery rates, in spite of lengthy procedures it involves.

Size of Government: Expenditures, Taxes, and Enterprises : 5.97

Poland is one of few countries in Europe which did not experience recession during the post-2008 world financial and fiscal crisis. Government expenditures are at the EU level, exceeding 42% of GDP. Lower government revenues result in the continuous fiscal deficit, with a medium size public debt which is sustainable due to relatively high (for European standards) growth rates. Income tax is progressive, with the lower rate of 18% and higher one of 32%, applied after threshold of approximately 160% of the GDP per capita. VAT level is set at 23%, with privileged rates of 8%, 5% and 0%, on some products. Total tax wedge reaches OECD average of 36% mostly due to high social insurance contributions, which are divided between those paid by the employer and the employee. Although thorough privatization process took place in 1990-ies, the government is still in possession of many enterprises in various sectors, including the biggest bank in the country PKO BP.. These companies, which receive direct or indirect funding from the state, operate at variable levels of efficiency. A new plan for further privatizations in the sectors where the involvement of the state is not necessary has been prepared. It is envisaged to use funds received for lowering the fiscal deficit.

Regulation of Credit, Labour, and Business : 6.68

Business regulation is overall oriented towards positive business climate. Starting a business is not as quick and easy as in many other countries in the EU, but it is not a major obstacle either, to the setting up of new business ventures. The main problem lies in the administrative requirements of conducting daily operations, which involves sometime unnecessary, lengthy and expensive procedures, all of which incurs significant costs on businesses. Obtaining a construction permit, or getting electricity, are two examples of processes with expensive and long procedures. Licensing restrictions in certain professions and industries are present, lowering competition by providing obstacles to entry. Tax procedures are also complicated to comply with. Labour regulation is mostly flexible when it comes to temporary contracts: working hours are not rigid due to possible longer workweek in case of increased workload although the maximum number of workdays is set relatively low. Notice periods and severance pay increase with the year in tenure, making more experienced workers more secure in their workplace, but also harder to be employed once in the labour market. Priority rules in the redundancy process and reassignment / retraining obligation and priority rules of employment make the process of hiring and firing complicated.

Freedom to Trade Internationally : 8.78

Being a member of the EU, Poland is a part of its common market and applies its common trade policy. Tariffs are low (simple average tariff is set at 5.47% and most of products have either lower tariffs or none at all, excluding the agriculture products). Capital controls introduced by the National bank of Poland to stop the inflow of short-term capital at the offset of the financial crisis are still present. Documentation for the international trade is not burdensome, however the process of standardization and certification for the imports of goods from non-EU countries is

complicated and it incurs costs. Good public infrastructure makes transportation costs of goods low, fostering trade. Major market for Polish products is the EU, most notably Germany and Czech Republic. The Russian Federation is another important trade partner, whereby the restrictions on trade imposed by the Russian government due to the armed conflict in Ukraine have damaged Polish agriculture export.