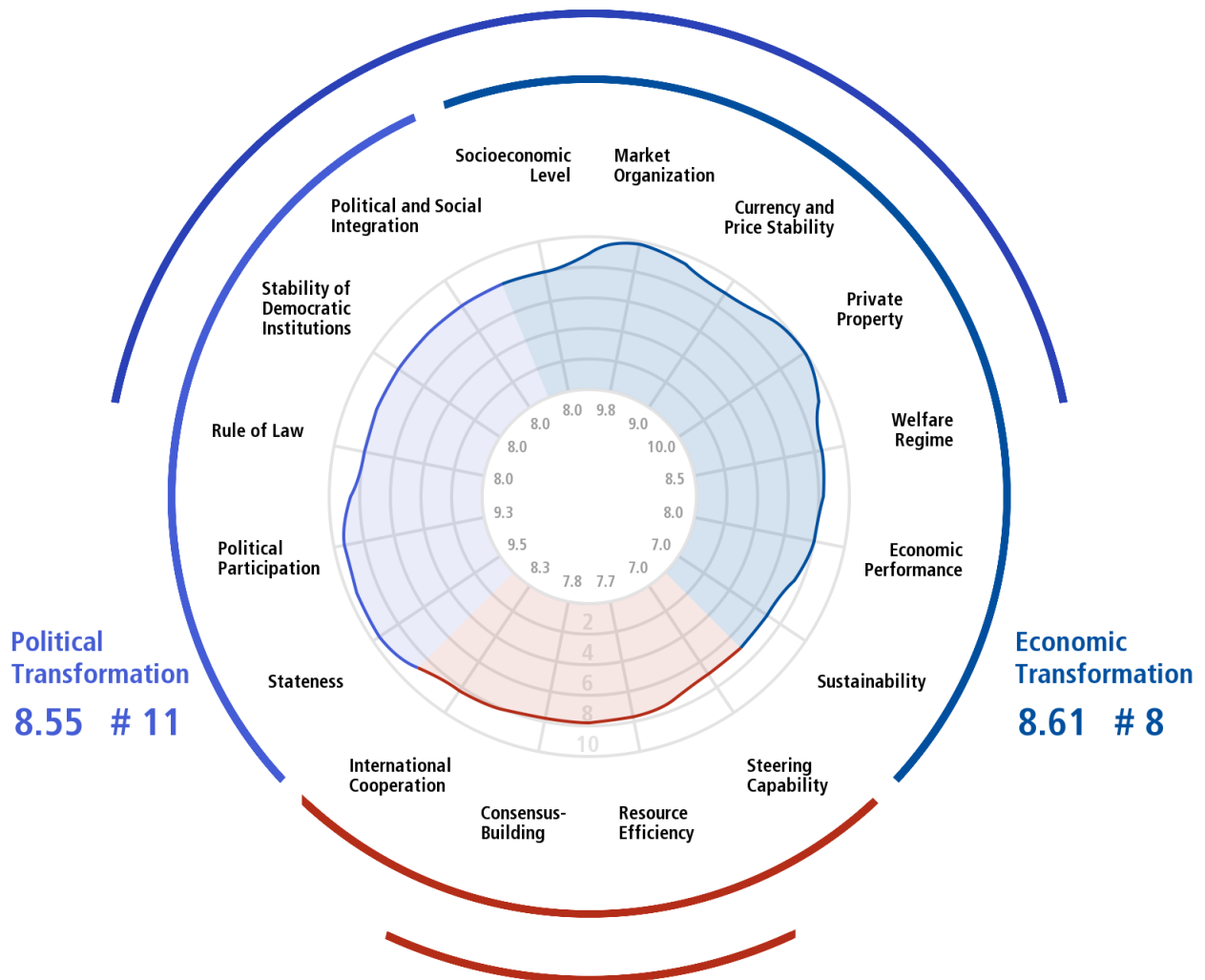


# Poland

## Status Index

**8.58 # 10**

on 1-10 scale out of 129



## Governance Index

**6.25 # 18**

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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## Key Indicators

Population	M	37.9	HDI	0.855	GDP p.c., PPP \$	27811
Pop. growth <sup>1</sup>	% p.a.	-0.1	HDI rank of 188	36	Gini Index	32.1
Life expectancy	years	78.2	UN Education Index	0.876	Poverty <sup>3</sup>	% 0.3
Urban population	%	60.5	Gender inequality <sup>2</sup>	0.137	Aid per capita	\$ -

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

Poland experienced relatively calm years from the time of the 2005 elections. However, domestic politics have become more confrontational again. In May 2015 Law and Justice Party (PiS) candidate Andrzej Duda won the presidential elections unexpectedly against Civic Platform (PO) incumbent Bronisław Komorowski. Later in the year, the PiS also won the parliamentary elections. Beata Szydło's (PiS) government now has a majority of seats after her party received 37.58% of the votes. These elections meant a heavy loss for the PO, which was elected by only 24.09% and lost 15.09 percentage points compared to 2011. Its former coalition partner, the Polish Peasant Party (PSL), lost 3.23 percentage points. The Alliance of Democratic Left (SLD), in a coalition with other leftist parties, ran as United Left and gained only 7.55%, so it did not reach the electoral threshold for coalitions, which is 8%. For the first time, there is no leftist party represented in the Polish parliament. Two new parties entered the Sejm, the populist Kukiz'15 of former rock singer Paweł Kukiz (8.81%) and the liberal Nowoczesna (meaning Modern), led by Ryszard Petru (7.6%). Nowoczesna became very active in its opposition to the PiS and sometimes led the polls ahead of the PO.

The PiS campaigned on the promise of change, specifically focusing on social issues, such as families, pensions and education reform. These promises were quickly implemented after the elections. Other actions, instead, were not announced so explicitly in the electoral campaign such as changes to the law on the Constitutional Court, public media control or public administration reform. These controversial changes undermined the quality of democracy in Poland and contributed to even further divisions in Polish society.

These new measures, in particular targeted against the Constitutional Court, made the European Commission initiate a rule-of-law procedure against Poland. The European Commission presented recommendations regarding how to modify unconstitutional or inadequate legislation. If Poland does not comply with the commission's recommendations, Poland might be suspended from voting in the European Council. By the time of this writing (January 2017), several opinions had

been exchanged and some concessions reached, but the Polish government did not fully give in to the EU's demands. In its most recent letter to the EU, the government rejected the EU's critique and concerns. The legal changes to the Constitutional Court are embedded in a narrative created by the PiS about the need for a strong state, Polish history, the rejection of the 1989 compromises leading to a change in the political system and an accidental plane crash in Smolensk, where former Polish President Lech Kaczyński and many other Polish politicians died. In reaction to these political changes, a new opposition movement was formed in Poland, the Committee for the Defense of Democracy (Komitet Obrony Demokratycznych – KOD), which is supported by about 40% of Poles.

In the field of governance there is some continuity via established structures for strategic planning, inter-ministerial coordination and regulatory impact assessment. By contrast, in social and economic policies Prime Minister Beata Szydło and her cabinet turned away from the sound fiscal policies of the previous governments and initiated a set of laws that increase social transfers, mainly to families and pensioners. These expenditures are not sufficiently backed by revenues, since attempts to introduce new taxes on banks and supermarkets were suspended by the European Commission because they would undermine competition and equal treatment. Since November 2015, new laws have often been prepared and passed hastily so that there is not much opportunity for other actors to influence policy-making. Unemployment continues to fall, inflation remains low and GDP is expected to grow by 3%, so there is no immediate threat to the economy caused by higher expenditures. However, there are still issues regarding health care and the pension systems of miners and farmers that need to be addressed. Another attempt to restrict access to abortion backfired on the government, since several large demonstrations were convened which attracted a greater variety of people than the demonstrations against the new media law or against the new Constitutional Court law. Conflicts with the European Union because of the country's strict stance on certain policies, such as climate change and refugee resettlement, became even more pronounced than with the previous PO-PSL government.

## History and Characteristics of Transformation

The year 1989 was the turning point in the Polish transition from communism to democracy. It was the year when the communist leadership and the Solidarity-led opposition met at a round table to initiate political and economic reforms. In June 1989, a semi-free parliamentary election took place where 35% seats were freely contested and won by the Solidarity movement. A coalition government headed by a Solidarity activist, Tadeusz Mazowiecki, was formed. Subsequently constitutional amendments were introduced, including electoral law changes and the removal of the leading role of the Communist party. The Polish People's Republic was renamed the Republic of Poland. The break-up of the communist PZPR party and the umbrella Solidarity movement gave rise to a multiplicity of political parties in the early 1990s. The first direct presidential elections in December 1990 saw the victory of Solidarity leader Lech Wałęsa.

Democratization was accompanied by an economic transformation from a centralized command economy to a market economy. It was initiated by then Finance Minister Leszek Balcerowicz, based on stabilization, privatization and price liberalization. With his “shock therapy” the country’s high foreign debt, budget deficit and inflation were decreased and economic growth was fostered.

While the stability-oriented path of economic policy was at first not contested, the direction of political reforms led to disagreements among the political elite. One of the consequences of this was the very long process of drafting a new constitution. In 1992, the Sejm passed an interim constitution, which was substituted by a new constitution only in 1997. This constitution, legitimized by a referendum, strengthened the role of the government in relation to the president and reconfirmed a political system based on the principles of the rule of law, political pluralism and national sovereignty, in addition to the principle of territorial self-governance and local elections. With the passing of the new constitution in 1997 the transition to democracy was concluded and the process of consolidating Polish democracy initiated.

Since the early 1990s, Poland has shown its ambition to join international organizations. After concluding an association agreement with the European Union in 1991, Poland applied for EU membership in April 1994 and started accession negotiations in 1998. The following years were marked by intense efforts to implement the *acquis* into Polish law. Although the main political parties strongly supported Poland’s accession to the EU, there were also critical voices that demanded greater consideration of Poland’s national interests and small Polish farms. The accession treaty was signed on April 16, 2003, and in June 2003 58.85% of all eligible voters took part in the referendum. Some 77.45% of them decided in favor of EU membership and Poland joined on May 1, 2004. Over the years, support for EU membership has remained stable at the level of 60% to 70%. Poland profits from EU structural funds and several Polish politicians have been very engaged in EU politics in order to make Poland a relevant player on the EU scene. In 2009, Jerzy Buzek was elected president of the European Parliament, Poland’s first presidency of the European Council from July 2011 to December 2011 was considered very successful, and in 2014 Prime Minister Donald Tusk was elected president of the European Council.

The party system is quasi-institutionalized in Poland. There have been several instances of party realignment. Initially, the main political cleavage that shaped political competition was between former communists and former opposition – the heirs of the Solidarity movement. However, since 2005 the nationalist, conservative PiS has competed with the liberal, conservative PO. The PiS led the government from 2005-2007 in a coalition with the League of Polish Families (LPR) and the populist Self-Defense of the Republic of Poland. Lech Kaczyński (PiS) acted as state president from October 2005 until his death in 2010, and his twin brother Jarosław Kaczyński served as prime minister between May 2006 and September 2007. This government pursued anti-communist, anti-corruption and nationalist policies, supported a redistributive economic policy and promoted national interests in foreign affairs. An early election that was called for October 2007 brought Civic Platform (PO) to power, in a coalition with the agrarian, formerly communist ally, the Polish Peasant Party (PSL). Prime Minister Donald Tusk demonstrated a pro-European stance and more liberal politics than the previous government. This coalition was reelected in 2011

and managed to steer Poland well through the euro crisis and its aftermath. Quite unexpectedly the PiS and its candidate Andrzej Duda won the presidential elections in May 2015 and the party won the parliamentary elections in October 2015. For the first time in its democratic history, Poland is ruled by a single-party government. Following the Hungarian example, the PiS started to curtail the powers of the Constitutional Court and the media. It is now confronted with strong opposition inside and outside the parliament, led by the KOD, and criticism from the European Union.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

There is no competition with the state's monopoly on the use of force. Public order and security are fully guaranteed throughout the whole territory.

Question  
Score

Monopoly on the  
use of force

10



The nation-state is fully accepted by all citizens as legitimate. However, there are cleavages among political parties and citizens about the extent to which Poland should consider itself a member of a multi-level and supranational political order. The current government of Beata Szydło (PiS) and most of her voters prefer a Europe of fatherlands to a Europeanized Poland. There are no debates that certain groups of people or individuals should not be allowed to acquire Polish citizenship. Naturalization of non-citizens is not a real issue because Poland does not face intensive immigration. The reforms to the migration and integration law and the citizenship law, which had been implemented in 2012, that facilitated naturalization are still in place.

State identity

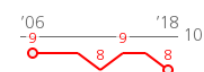
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According to Article 25.2 of the 1997 constitution, the Polish state is secular. Nevertheless, Poland is a very religious country with around 94% of the population declaring itself Catholic and 39.1% regularly attending church services on Sunday. In general, the southeast of the country is more religious than the northwest. The Catholic Church has a long history of protecting Poland against externally or internally imposed authorities; hence it is not surprising that the church is used for political purposes. The current PiS government, elected to office in October 2015, seeks to legitimize certain political decisions using religious values. One example, albeit a failed one, was their attempt, with the help of the church and a pro-life

No interference of  
religious dogmas

8



initiative, to introduce stricter abortion laws, which are already considered to be some of the toughest in the EU. Due to massive public protests by the “women in black,” the government had to withdraw the bill.

The administration has a differentiated structure throughout the whole country, which provides all public services. However, the efficiency and accessibility of health care have often been criticized in Poland. Decentralization was implemented in the past. Under the current PiS government, there are attempts to exert more control on local governments through, for example, a plan to change the electoral law for regional elections, to limit mayors to two terms in office, and to reorganize the structure of municipalities. Moreover, the January 2016 amended law on civil service provided for more political appointments. For example, the top positions in the civil service would be appointed rather than competitively elected. This implies that the civil service is becoming more political in Poland.

## 2 | Political Participation

There have been no constraints on free and fair elections since 1990. Parliamentary elections were held on 25 October 2015. The electoral turnout was nearly 51%. An Election Assessment Mission of the Organization for Security and Cooperation in Europe (OSCE) noted that the elections were competitive and pluralistic, conducted in an atmosphere of freedom to campaign and on the basis of equal and fair treatment of candidates.

Parties representing ethnic minorities are favored in the registration procedure as they have to gather fewer signatures than other parties in order to be placed on the electoral lists and are not subject to the 5% electoral threshold. Therefore, the German minority has been continuously represented in the Polish parliament (Sejm) since 1991.

The recent announcement of PiS party leader Jarosław Kaczyński that he plans to change the electoral law for local elections and to restrict the mayors’ terms in office to two has raised criticism. This idea is perceived as being politically motivated because the PiS was less successful in the most recent local elections and most mayors represent Civic Platform – the main opposition party.

Democratically elected political representatives have the effective power to govern. The government headed by the prime minister and the president have executive powers in Poland. For the first time since the regime change in 1989, a single-party government was formed after the October 2015 parliamentary elections. The PiS dominates parliament and the office of the president. It also tried to influence appointments to the Constitutional Tribunal. Law and Justice leader Jarosław Kaczyński holds de facto power. Two opposition parties: Civic Platform and Nowoczesna play a constructive role and seek to defend democratic values and procedures. The church has no formal political power, but priests do make political recommendations during elections.

Basic administration  
10



1

Free and fair elections  
10



1

Effective power to govern  
10



1



The freedom of association and assembly is unrestricted and constitutionally guaranteed (Articles 11, 12, 57 of the 1997 constitution). The government generally respects the right of individuals to form and join associations. Politically motivated limitations on gay parades were lifted in the past and it was widely recognized that Poland respected association and assembly rights.

However, in December 2016 the parliament amended the law governing public assemblies in order to give priority to gatherings organized by public authorities, churches and religious organizations, and to “recurrent assemblies” – those that take place on a regular basis. According to a legal reform in 2012, it is hardly possible to hold two demonstrations at the same time so the political preference for certain types of demonstrations over others might restrict the freedom of assembly. In fact, this proposal was seen by the opposition as an attempt to limit freedom of assembly. The Council of Europe’s human rights commissioner and the director of the OSCE Office for Democratic Institutions and Human Rights jointly warned that the amendments could undermine freedom of assembly. The president did not sign the bill and sent it to the Constitutional Court for review.

Freedom of expression is constitutionally guaranteed in Poland (Article 54 of the 1997 constitution) and it is realized in practice, although recent developments are of concern. Polish citizens have full access to different sources of information and thus a plurality of opinions. Nevertheless, the media are highly politicized and in particular, the National Broadcasting Council (KRRiTV), which has supervisory functions with respect to the state media and is supposed to guarantee freedom of speech, has been used to exert control by political parties since its existence. After the 2015 elections the government took several steps that demonstrated that it does not fully respect the freedom of expression. First, the government passed new legislation on public TV and radio on December 31, 2015. Now the staff of the KRRiTV are handpicked and will be appointed by the Treasury minister.

Several journalists of public TVP and Radio Polskie were dismissed, whereas several others stepped down at the beginning of 2016 in protest against the new media law. Second, the December law was supposed to be followed by another law that would have transformed the legal status of public media from commercial companies into “national institutions,” which would then be obliged to report positively about the government and disseminate Christian and universal ethical values with oversight from the National Media Council (Rada Mediów Narodowych) that would have appointed the directors and supervisory boards of TVP, Polskie Radio and the Polish Press Agency (PAP), consisting of members nominated by the Sejm and replacing the KRRiTV. Public media would be financed by a fee added to payments for electricity. This bill was discussed in parliament and would have entered into force on July 1, 2016. However, the government decided to postpone voting due to ongoing pressure from the European Commission and the Council of Europe. Third, the government tried to restrict journalists’ access to the parliament building and to

Association /  
assembly rights

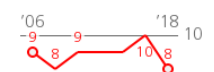
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1

Freedom of  
expression

8



1

members of parliament in December 2016 through new legislation. After massive protests, this bill was withdrawn in January 2017. Overall, there have been clear attempts to politicize the public media.

### 3 | Rule of Law

Formally, there is a clear separation of powers with mutual checks and balances guaranteed by the 1997 constitution. Governments are accountable to the Sejm, the first chamber of parliament, and members of parliament have the rights and resources to monitor and supervise the executive. However, recent developments have revealed limitations to that principle.

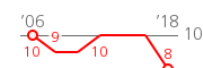
The 2015 presidential and parliamentary elections resulted in the same party (Law and Justice) controlling the offices of both the prime minister and the president, in addition to the two chambers of parliament. The president has signed some contested bills, for example, regarding the conflict over the appointment of five judges to the Constitutional Court, thus showing that he sides with the Law and Justice Party. In addition, changes to the law on the Constitutional Tribunal proposed by the Law and Justice Party contributed to the high level of its politicization. As a consequence, the institutional accountability of the government is limited. The opposition is the only force in parliament that can exert some influence. Moreover, civil society gathered around the KOD organized numerous demonstrations protesting the dismantling of the democratic state by the Law and Justice Party.

The judiciary has been independent in Poland, but currently faces intense political pressures. When PiS came to power in 2015, the government merged the offices of the attorney general and the minister of justice, which was criticized by many as too much political interference into the judicial system. In addition, the government exerted strong pressures on the Constitutional Tribunal – which the population had regularly assessed with a level of trust of about 80%.

The conflict between the Constitutional Court and the government has two dimensions. The first is concerned with the nomination of judges and the second with the court's procedures. The first dispute goes back to a controversial amendment to the Law on the Constitutional Tribunal, adopted in June 2015 before the elections. This law tightened the deadline for proposing candidates to replace those Constitutional Tribunal judges whose terms were to expire later that year. This allowed the PO-PSL majority to replace five judges in the final session of the Sejm, before the parliamentary elections. Whereas the PO and PSL argued that because the new Sejm would not convene until November 12, the vote was necessary to preserve the Constitutional Tribunal's continuity. Instead the PiS saw it as a politically motivated attempt to prevent the new majority from electing the judges, since only three of five judges' terms ended before the parliamentary elections. President Duda refused to swear in the judges, and one of the first decisions of the new parliament was to provide for the election of five new judges, (i.e., excluding the appointment of the three judges whose terms had expired before the parliamentary election).

Separation of powers

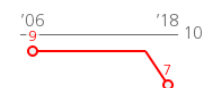
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1

Independent judiciary

7



1

The second dispute began with a new law regarding the Constitutional Court, according to which decisions now have to be made with a two-thirds majority instead of a simple majority when 13 out of 15 judges are present. Previously the court had reached decisions in groups of five judges. In addition, judges now have to rule cases in order of appearance not according to priority. Both rules make it harder to reach decisions and cause postponement of resolutions in urgent matters. The Constitutional Court declared this law unconstitutional, but since President Duda did not publish this decision, the government claimed that it is not valid, despite the Supreme Court's rejection of that interpretation. In addition, the government decided in July 2016 that only judgments made after March 10, 2016, would be published and considered valid. The court's judgment that declared the law regarding the Constitutional Court from December 2015 unconstitutional was from March 9. In a court ruling from August 11, 2016, the court, with three dissenting opinions, also ruled the July law as unconstitutional.

In December 2016 President Duda signed a bill that created the position of an acting auxiliary president, a decision that can only be interpreted as an act of mistrust of the court's chairman, Andrzej Rzeplinski, who had protested the actions of the government. This new position was filled by Judge Julia Przylebska, who was appointed by the PiS in December 2016. After Rzeplinski's term in office ended in December, Przylebska became Rzeplinski's successor, instead of the previous deputy chairperson, who should have been appointed president of the Constitutional Court.

Corrupt office-holders are prosecuted under Poland's laws. Politicians who misuse their public mandate or office can be accused at the State Tribunal. Members of parliament are obliged to publish their income on the website of the parliament (Sejm) since November 2001. They are also required to disclose any benefits that they or their spouses receive in a public register of interests kept by the speakers of the Sejm and Senate. The Supreme Audit Office and the ombudsman are relevant institutions in the fight against corruption in addition to the Central Anti-Corruption Bureau (CBA). The CBA had a record of being misused politically during the first PiS-led government between 2005 and 2007. In 2013, new efforts in fighting corruption were launched with a new strategy lasting until 2019. The parliament increased the budget of the CBA by €240,000 in 2014. Since the PiS resumed power in November 2015 its focus is less on corruption and more on the exertion of political control over the judiciary. Still, there have been some disagreements about the CBA personnel. Its director, Paweł Wojtunik, who came into office after the arrest of the former director, Mariusz Kamiński, was forced to resign in November 2016. Kamiński, installed by the PiS government as the new coordinator of the secret services, said that the newly appointed head of the Internal Security Agency, Piotr Pogonowski, had initiated an investigation into Wojtunik's security clearance. Wojtunik was then replaced by Ernest Bejda, who was CBA's deputy director and is a close collaborator of Kamiński.

Prosecution of  
office abuse

8



1

State institutions largely respect and protect civil rights. However, inefficiencies in the court system, including lengthy court proceedings, have stymied efforts to adequately uphold civil rights. The European Court of Human Rights has criticized the Polish government several times for unduly long court proceedings and excessive periods of pretrial custody. Currently, several actions taken by the PiS government make clear that it does not uphold the idea of a free and independent court system that protects the civil rights of citizens. These actions include the politically motivated changes to the court system, the merger of the attorney general's office into the office of the Minister of Justice and the actions against the independence of the Constitutional Court. It is still too early to say what implications these structural changes will have on how courts make decisions when citizens make claims to their rights because the courts also express disagreement with and criticism of the government.

In addition, the extended options for surveillance opened by the new anti-terror law raise concerns about the protection of civil rights in cases of suspected terrorist activities. Moreover, criticisms have been made concerning the fact that the minister of justice as attorney general has the right to involve himself in ongoing investigations and that if he breaks the law, he cannot be held accountable if he claims this was necessary for the public interest. This seriously questions the government's interest in the protection of civil rights.

According to the National Prosecutor's Office, the number of hate crimes investigated by prosecutors increased by 13% in the first six months of 2016. In 2015, 1548 cases of hate crime were investigated. Roma and LGBTI persons continue to be subject to social discrimination.

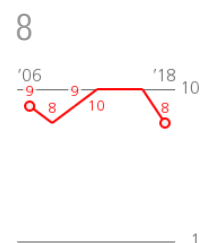
#### 4 | Stability of Democratic Institutions

In general, in Poland democratic institutions can perform their functions and political decisions are made according to legitimate procedures by the relevant authorities. However, the most recent developments have negatively influenced democracy's performance. Since the Law and Justice Party took over the government, there have been deficiencies in democratic practices. The Constitutional Court's decisions were not implemented and the executive's accountability has been limited. There have been many instances of disagreements between the government and the president, on the one hand, and the Constitutional Court, on the other hand. In addition, although public administration and the civil service were professional, the PiS government has now changed the leading administrative personnel to an extent that was unknown previously in Poland. As a result, the level of politicization has increased.

#### Civil rights



#### Performance of democratic institutions



Generally, all relevant political players used to be committed to democratic institutions, even if they held different views on how democracy should be organized and managed. Nowadays there are serious doubts that this holds true for all actors, considering the government's attacks on the Constitutional Court and the media and attempts to restrict journalists' access to parliament. Interest groups and associations respect democratic institutions in most cases.

Commitment to democratic institutions

8



## 5 | Political and Social Integration

The Polish party system has been quasi-institutionalized since 2005 with two parties dominating the political scene: the conservative Law and Justice Party and the centrist Civic Platform. There has been a very strong division between the two parties, which aligns the voters into two antagonistic camps. In the October 2015 parliamentary elections, Law and Justice received 37.58% of the vote and formed a single-party majority government led by Beata Szydło. Jarosław Kaczyński serves as a leader of the Law and Justice Party. Although he has no official position in the government, informally he has a significant impact on the executive. In parliament the PiS is often supported by Kukiz'15 – an anti-system populist party set up in 2015 by former rock singer Paweł Kukiz. The party won 8.81% of the vote in the elections. Civic Platform (PO), which was in power from 2007 to 2011 and 2011 to 2015, won 24% of the vote and became the main opposition party. Grzegorz Schetyna, formerly foreign minister in the Kopacz government, was elected as new party leader in January 2016. The PO's coalition partner, the Polish Peasant Party won 5.1% of the vote and remains the smallest party in the Sejm. The other strong opposition party, liberal Nowoczesna, led by Ryszard Petru, has played a key opposition role, alongside Civic Platform. Despite the turbulent political climate and institutional changes initiated by the government, the party preferences of Polish voters have remained relatively stable since the elections. In January 2017, opinion polls showed that the PiS still received the highest percentage of support: 37% compared to 16% for Civic Platform and 9% for Nowoczesna (CBOS, 2017).

Party system

7



Around 1% of Polish voters are members of a political party, indicating that parties mainly serve as organizations that bring people into political office and less as political bodies that aggregate social interests through dense networks and interactions with society. Voter turnout was low, 50.92% in 2015.

Poland has a large number of interest groups beyond business associations and trade unions. However, compared to other countries, there are comparatively few environmental groups. Most nongovernmental organizations are relatively small, and there are only a few interest groups that focus on, and are capable of, developing policy proposals. The Catholic Church, which is still the most influential interest group in Poland, pursues relatively narrow interests, and is largely preoccupied with

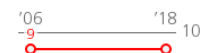
Interest groups

9

stabilizing its influence within an increasingly secular society. It currently has good access to the new government. A new social movement that united many Poles who opposed the reforms of the current government is the KOD, which has organized public protests and large demonstrations in several Polish cities since December 2015. While the KOD has become a relevant social force in organizing civil society opposition that has also gained a lot of attention internationally, some observers fear that it makes the parliamentary opposition less active. Although relations between the PO, Nowoczesna and the KOD are characterized by collaboration, there are frequent discussions as to whether the KOD should become a political party or not, an idea which its founder Mateusz Kijowski still rejects.

Approval of democratic norms and procedures is consistently high among the Polish population, oscillating between 60% and 70% (June 2016). This general support is relatively independent of party affiliation, although voters for the PO (79%) and Nowoczesna (85%) consider democratic values and practices slightly more relevant than voters for the PiS (75%) and Kukiz'15 (70%). When asked if it makes a difference if the political system is a democracy or an autocracy, there is a larger difference: 30% of PiS and 29% of Kukiz'15 voters, respectively, said yes to this question while only 15% of PO and 9% of Nowoczesna voters, respectively, consider the nature of the political system relevant. However, specific support for Polish democracy is lower. Since the most recent elections in 2015, the number of Poles who are satisfied with the way democracy works in their country has declined: 43% satisfied and 49% dissatisfied in November 2015, and 39% satisfied and 53% dissatisfied in June 2016. PiS supporters are more satisfied (71%) than PO (30%) and Nowoczesna (25%) supporters. Kukiz'15 supporters are overwhelmingly dissatisfied (59%) (CBOS 06/2016). In February 2016 only 30% of respondents trusted the parliament, 38% trusted the government and 20% trusted political parties (CBOS 02/2016). The police and the military are trusted by 65% and 79%, respectively, while trust in the parliament has slightly increased to 29% (CBOS 02/2016).

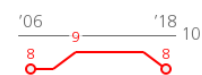
Although there are a large number of autonomous groups, associations and organizations, the level of civic participation is not very high. Some 80% of Poles devote free time to voluntary social activities, but these are mainly restricted to the circle of family and friends and only 37% engage in public organizations (CBOS 01/2016). Nevertheless, this is an increase of five percentage points compared to 2012. In addition, the level of trust varies. The proportion of Poles who trust family members, friends and colleagues are 97%, 91% and 82% respectively. However, the Poles are very cautious of strangers, with only 35% trusting strangers (CBOS 02/2014). There are also high levels of mistrust toward the political class. Trust in charitable institutions such as the Polish Red Cross and Caritas is always above 80%. TV broadcasters (public and private) have lost popular trust and are evaluated less positively by 38% of Poles, but the Catholic Church has gained trust and is trusted by 70%. Trust in trade unions has declined to 29% for NSZZ Solidarność and 19% for OPZZ (CBOS 02/2016).



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Approval of democracy

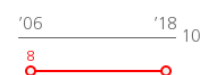
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Social capital

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## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Social inequalities have diminished since the early 2000s. This has partly been due to Poland's strong economic performance. In addition, previous governments have been successful in mitigating regional disparities through regional development policies. Moreover, government policies have helped improve families' financial conditions, especially those suffering from poverty, and have increased average educational attainment. The most dramatic pockets of poverty have shrunk, and income inequality has fallen substantially since the early 2000s. In-depth sociological studies have shown that poverty in Poland is not inherited across generations. The current PiS government addressed social inclusion in its election campaign in 2015 and implemented some measures that are supposed to further decrease social inequalities by raising family allowances and the minimum wage. Irrespective of meeting equality goals, they have increased individual incomes.

The Gini coefficient of 32.1 (2014) indicates a relatively high level of equality. Only 0.3% of the population live on less than \$3.1 a day (2011). Although the HDI index (0.843 in 2014) has again slightly increased in comparison with previous years, unemployed youth (26.5%) and single mothers are most threatened by poverty. A GII of 0.138 (2014) demonstrates the achievement of further improvement in the role of women in Polish society.

Question  
Score

Socioeconomic  
barriers

8



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Economic indicators		2013	2014	2015	2016
GDP	\$ M	524214.8	545151.8	477336.8	<b>469508.7</b>
GDP growth	%	1.4	3.3	3.8	<b>2.7</b>
Inflation (CPI)	%	1.0	0.1	-1.0	<b>-0.6</b>
Unemployment	%	10.3	9.0	7.5	<b>6.2</b>
Foreign direct investment	% of GDP	0.2	3.6	2.9	<b>3.0</b>
Export growth	%	6.1	6.7	7.7	<b>9.0</b>
Import growth	%	1.7	10.0	6.6	<b>8.9</b>
Current account balance	\$ M	-6749.0	-11444.0	-2932.0	<b>-1395.0</b>

Economic indicators		2013	2014	2015	2016
Public debt	% of GDP	55.7	50.2	51.1	<b>54.4</b>
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-3.9	-3.2	-2.6	-
Tax revenue	% of GDP	15.6	15.5	15.6	-
Government consumption	% of GDP	18.1	18.1	18.0	<b>17.9</b>
Public education spending	% of GDP	4.9	4.9	-	-
Public health spending	% of GDP	4.5	4.5	-	-
R&D expenditure	% of GDP	0.9	0.9	1.0	-
Military expenditure	% of GDP	1.8	1.9	2.1	<b>2.0</b>

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

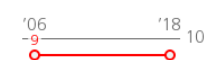
## 7 | Organization of the Market and Competition

Market competition is clearly defined and implemented at both macroeconomic and microeconomic levels. Prices are fully liberalized, and the currency is fully convertible. The state fully guarantees the rules of the game for market competition and all market participants, whether domestic or foreign, have equal opportunities. Measures were introduced to facilitate the process of setting up a business, reduce bureaucracy and costs, ease tax-related issues and resolve insolvency. The 2017 Doing Business Report indicates that it costs a bit more and takes more time to start a business in Poland, compared to the OECD average, but as obtaining construction permits or turning on electricity became easier, Poland's overall rank in 2017 slightly improved by one position compared to 2016. According to estimates by economic researchers, the share of the informal sector was almost 20% in 2014.

Comprehensive competition laws to prevent monopolistic practices are enforced. The Office of Competition and Consumer Protection is the main anti-monopoly office in Poland, and it has been working well. There is full compliance with EU requirements. State intervention is limited and levels of regulation and competition advocacy remain on the same level. In 2016 the office handed down a decision against the Polish rail freight operator for abusing its dominant position and monitored operations in the online platforms market in order to avoid concentration.

Market-based competition

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Anti-monopoly policy

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Foreign trade is liberalized, with uniform, low tariffs. Poland has been a member of the WTO since July 1, 1995. The country exports processed fruit and vegetables, meat, dairy products, electromechanical products, vehicles, aircraft and vessels. Imports are mainly capital goods needed for industrial retooling and for manufacturing (i.e., machinery and transport equipment, as well as chemicals, minerals, fuels and lubricants). Most trade goes to the EU countries, among which Germany is the most important trading partner, accounting for 27.1% of Polish exports and 27.6% of Polish imports (2015). Recently, Poland has diversified its exports toward new, more dynamic markets and as a result has reduced its current account deficit. However, trade relations with the East have deteriorated due to the conflict between Russia and Ukraine, which started in 2014. Exports to Ukraine declined by more than 25%, while sales to Russia dropped by 11% in the first half of 2014, but recovered somewhat by the first half of 2016, also due to a favorable exchange rate (EBRD 2016).

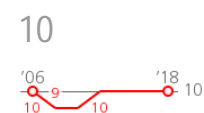
The Polish banking system is organized according to international standards, with functional supervision, minimum capital requirements and market discipline. Poland is the single-largest banking market in Central and Eastern Europe. Its €340 billion of assets constitutes about a third of the region's assets (European Commission 2015). Capital markets are open to domestic and foreign capital, with sufficient resilience to cope with speculative investment. Currently, 60% of the market is dominated by foreign banks. According to EBRD reports, the government plans to re-polonize the banking sector by buying UniCredit's stake in Bank Pekao S.A. and Raiffeisen's shares in its Polish subsidiary, Raiffeisen Bank Polska. The ratio of bank capital to assets ratio was 9.4% in 2015 and nonperforming loans accounted for 4.3% of gross loans (non-financial sector) in 2015. The Polish banking system contributed positively to Poland's good economic performance during the financial crisis due to its conservative, risk-averse investment policies. It has remained profitable, well capitalized and liquid. In recent years, the National Bank of Poland has pursued a relatively strict monetary policy with respect to intervening to stabilize the exchange rate of the zloty. This has prevented the country from developing a financial bubble. Poland's banking system has become one of Europe's top performers. With the change in government some concerns were voiced that the path of stable monetary policy might be abandoned, but the new director, Adam Glapiński, although appointed by the PiS and affiliated with the party, has kept his independence and maintained stable interest rates of 1.5%.

#### Liberalization of foreign trade



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#### Banking system



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## 8 | Currency and Price Stability

Controlling inflation is a recognized goal of economic policy. Now, one rather has to be concerned about deflation because the inflation rate decreased to -0.7% in 2015 and -0.3% in 2016, which, according to the Polish central bank is driven by external factors, especially due to the fall in global energy commodity prices. The central bank applies a floating exchange rate regime for the zloty. The Polish government is not interested in introducing the euro. The main concerns are that prices will rise and that changing the currency will not be profitable for the economy. The reluctance among the people and in the government will make it difficult to obtain the two-thirds majority necessary to make the required changes to the constitution on the role of the Polish central bank. The central bank is an independent body, which is guaranteed by Article 227 of the 1997 constitution. The current president, Adam Glapiński, who came into office in June 2016, was an economic advisor to the deceased president, Lech Kaczyński, and is therefore quite close to the ruling government. Still, his monetary policy so far has sought to continue stability.

The government's fiscal and debt policies generally promote macroeconomic stability but social spending has increased and populist promises are repeatedly made. Poland left the EU's Excessive Deficit Procedure in May 2015 as a result of several deficit-reducing reforms such as changes in the pension system, increases in indirect taxes and social contributions, and a public wage freeze. The general government deficit declined from 3.4% of GDP in 2014 to 2.6% and 2.4% in 2015/16 (IMF data). However, the current government spends more money on generous family allowances and pensions, which will have an impact on the budget. The government debt-to-GDP ratio still remains below 60% of GDP, but public debt increased slightly to 51.3% in 2015.

## 9 | Private Property

Property rights and the regulation of the acquisition of property are well defined in terms of acquisition, benefits, use and sale. Since Poland's EU accession, foreigners from EU and EEA countries have also been allowed to purchase land and real estate. Further amendments to the land law were introduced in 2011, which have eased the restrictions for investors from non-EU countries. Current obstacles include the slow workings of the judicial system and the continuing piracy of intellectual property, despite the government's efforts to improve protection.

Anti-inflation /  
forex policy

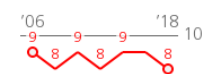
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Macrostability

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Property rights

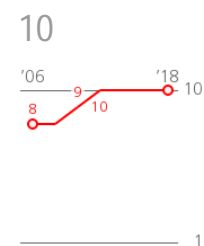
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Private companies are viewed institutionally as the primary engines of economic production and are given appropriate legal safeguards. Their share in employment is above 70%, whereas employment in the state sector has decreased to 23.5%. The private sector accounts for two-thirds of GDP. In general, Poland's private sector is experiencing fewer bureaucratic obstacles than in the past but it still takes a considerable amount of time to set up a company, on average 30 days, which is the longest time in the OECD. The current government aims to re-polonize the banking sector, which may increase state control over enterprises. Rather than privatizing state-owned companies, the PiS government has focused on supervising these companies.

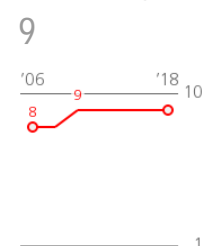
#### Private enterprise



## 10 | Welfare Regime

Poland introduced a three-pillar pension system, following World Bank recommendations, in 1999. Starting in 2011, pension contributions were partially redirected from the second – obligatory, but private and funded – to newly created subaccounts in the first, public pillar. Subsequent governments have ignored repeated EU recommendations to adapt the costly pension systems in place for miners and farmers. The pension age was a contested topic in the electoral campaign of 2015. Immediately after taking office, the PiS government used its parliamentary majority to propose a decrease in the pension age, an initiative the party had already tried to bring to parliament through a referendum before the elections, though this failed. The bill to allow women to retire at age 60 and men at age 65 was passed in parliament on November 16, 2016. This will have a negative impact on tax revenues and will lower the pension amounts that women receive. However, discussions in the government on a reorganization of the three-pillar system, including an expansion of an employee pension scheme, continue.

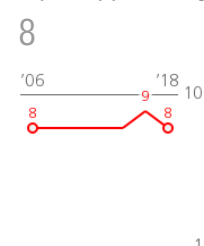
#### Social safety nets



Increasing family allowances up to 500 zloty for a second child was another promise made during the election campaign and implemented on April 1, 2016. The estimated costs for this measure are up to PLN 22.9 billion (about €5.3 billion), but the measure is supported by 77% of Poles. Reform of the inefficient health care system has been frequently debated, but is not yet in place.

Equal opportunity has been to a large extent achieved. Due to Poland's strong economic performance, unemployment is decreasing and regional disparities have been reduced. While the increased family allowance and minimum wage have helped to improve families' financial conditions, childcare and other institutions that enable women to combine work and family have not been improved by the current government. Discrimination against women in the labor market is still an issue and equal access to education does not secure equal levels of employment for men and women. The ratios of female to male enrollment are 1.0, 1.0 and 1.6 for primary, secondary and tertiary education, respectively (World Development Indicators 2016).

#### Equal opportunity



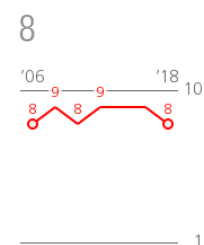
The gross enrollment ratios are 101.3, 108.7 and 71.2 for primary, secondary and tertiary education (WDI 2016).

Anti-discrimination policy has not featured prominently on the agenda of the PiS government. Quite to the contrary, the PiS government has launched a strong discourse against Muslims and has spoken out against the LGBT community and “gender ideology.” The non-pluralist worldview of the PiS government can be seen in financing for cultural activities or in the recent removal of a TV announcement on how to sort recycling because a homosexual cook is acting in it.

## 11 | Economic Performance

Poland’s economy is still on a strong footing but a slower growth rate is expected of around 3% of GDP. Although the current PiS government tries to boost economic growth through consumption by improving the financial conditions of families, there are also concerns regarding the environment for economic activities. Although domestic consumption has stayed stable or increased and other positive factors, such as the decline in unemployment – 5.6% in August 2016 compared to 6.9% at the end of 2015 – an inflation rate of around 0% and the overall economic framework, including the financial system and administration, function well, several of the government’s plans are met with skepticism. For example, general tax reform, planned but not yet clearly developed, failed projects to generate revenues through new taxes on supermarkets and banks, increases in social spending, lowering the retirement age when there is no clear plan to offset these new expenses with revenues (government deficit increased to 51.3% of GDP in 2015 from 50.5% in 2014), and the changes made in the judicial system all create a less favorable climate and structures for economic activities. A decline in foreign investments was visible in the period between April and July 2016 when it was 4.9% lower compared to the same period in the previous year and down to 1.5% of GDP for the whole year compared to 3.2% in 2014. However, just at the end of 2016 agreements were signed concerning new investments by Volkswagen, Mercedes Benz, Toyota and Fiat. EU-supported infrastructure and other investment projects and the transfers from EU structural funds are an asset to the Polish economy but the government’s disputes with Brussels in the political arena will make future negotiations more difficult and the impact of the government’s development plan is not yet visible.

Output strength



## 12 | Sustainability

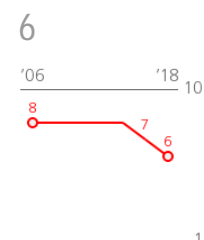
Poland has enshrined the principle of sustainable development in Article 5 of its constitution, and has broadly adopted EU environmental standards. However, as evidenced once more in the 2015 electoral campaign, there is a broad political consensus that economic growth should be given priority over protection of the environment. Polish governments have been especially keen on protecting the domestic coal industry, which is a large employer and reduces the country's dependence on Russia's energy, an issue that has taken on even greater prominence since the Ukrainian crisis. With the coal industry in mind, the PO-PSL government sought to obstruct attempts by the European Union to tighten targets for the reduction of carbon emissions. The same policy is even more firmly followed by the PiS government. It has a similar liberal approach toward nuclear power stations and the exploration and production of shale gas, although in September 2015 the Ministry of Environment conceded that test drillings for shale gas thus far had not been very successful. The share of renewables in Poland still stands at a meager 1%.

Another current issue the PiS government faces is concerns over the conservation of nature. Poland received an EU complaint because of its plans to cut down parts of the Białowieża primeval forest. The park is partly threatened by the bark beetle, so the government decided to cut down the dying trees to save the forest. But protesters fear that there are also commercial interests behind the action and that the forest will be destroyed. Since Białowieża is a protected Natura 2000 site, environmentalists complained to the EU Commission, which launched an infringement procedure against Poland in April 2016. The case was still pending at the end of 2016.

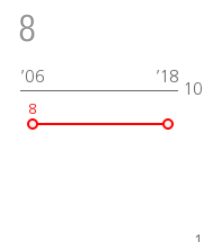
According to a survey conducted in 2014, Poles do not consider environmental protection a high priority and consider health care or employment more pressing issues. Waste management is perceived as the key environmental problem (45% of all responses). Other frequently mentioned environmental problems are: air pollution, water pollution and climate change. Poles are least concerned about water resources, high noise levels and the extinction of animal and plant species.

The current PiS government embarked on changes to some reforms that the previous government had implemented. The age at which children start school is now seven rather than six. This measure was already proposed at the end of December 2015 and is effective beginning in 2016. The topic was fiercely debated before the parliamentary elections and there was an attempt to address the issue in summer 2015 via referendum. In addition, the government passed a bill in November 2016 that aims to close down middle schools. Instead, children shall attend an eight-year primary school, followed by a four-year high school. Currently there is a strong protest campaign run by the trade unions against this education reform. Critics argue that previous reforms have gradually started to become effective, and have significantly

Environmental  
policy



Education policy /  
R&D



increased the quality of education in Poland. There were also fears expressed that many teachers would lose their jobs and that changes to the curriculum would include nationalist values and a specific interpretation of Polish history. According to experts, the reforms introduced by the PiS government are not necessary because, although education expenditure in Poland is lower than the EU average, Polish students now achieve relatively good results in educational assessments and previous reforms to structures and curricula seem to be bearing fruit.

Efforts to reduce the system's lack of synchronization with the labor markets and reforms to strengthen vocational education are still necessary.

The research and development (R&D) sector operates more professionally since reforms were implemented in 2010. Incidents such as the selection of the first six national leading scientific centers (KNOW) helped to boost the sector. However, Poland continues to score poorly in the EU's Innovation Union Scoreboard rankings, and there is still some way to go if Poland is to meet its overall R&D spending target. In order to help achieve this goal, Poland once again applied for a loan of €40 million from the European Investment Bank to sponsor Polish activities in R&I as of 2015. Current Minister for Science and Higher Education Jarosław Gowin called for more innovation through research but has not yet undertaken specific action. The Ministry of Development and Finances plans to increase spending on R&D to 2.0% of GDP by 2020.

## Governance

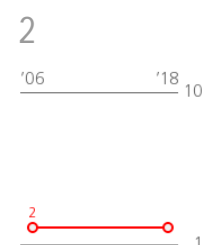
### I. Level of Difficulty

The structural constraints on governance are low. The relatively high standard of economic development, a well-educated workforce and a well-developed infrastructure produce favorable conditions for the government. Regional imbalances within the country still exist but they have been mitigated thanks to EU structural funds. Unemployment has further decreased. There are some concerns about the effectiveness of the public administration. However, due to the government's disputes with the Constitutional Court and its pressures on the media, the high levels of trust in institutional stability and in the functioning of rule of law have decreased since November 2015.

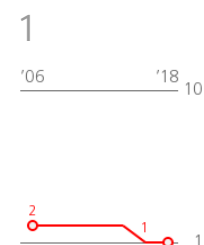
Traditions of civil society are strong in Poland. The emergence of a true civil society had much to do with the events surrounding the recognition of the Solidarity trade union by the communists, and its unique activities during 1980-81. In addition, groups linked to the Catholic Church were forums for critical discussions that allowed the organization of anti-state activity and promotion of democratic values during communism. The democratic transition provided impetus for the development and mushrooming of civil society organizations: the number of organizations has grown exponentially over 25 years in Poland. Today, there are some 8,500 nonprofit organizations. However, the level of civic participation is not high: only 18% of Poles devote unpaid time to volunteer work that addresses social needs, although 52% support such activities financially or by other means.

Electoral participation is low in Poland. The average voter turnout was 50% in the period from 1989 to 2015. In addition, the Poles have low trust in political parties and political institutions. In early 2016 only 30% of respondents trusted the parliament, 38% the government and 20% political parties (CBOS 02/2016). However, support for democracy has constantly been high in Poland, with almost 70% of respondents stating that democracy is the best form of government. In addition, opinion polls show that, at the local level, people increasingly feel that they can exert some influence on local politics and that civic participation makes a difference. Currently, the KOD unites many Poles protesting actions by the government that are considered unconstitutional or undemocratic.

Structural constraints



Civil society traditions



There are no violent incidents based on social, ethnic or religious differences because Poland is an ethnically and religiously homogeneous country. Yet political cleavages exist. The main divide is between the supporters of PiS, on the one hand, and the two opposition parties, Civic Platform and Modern, on the other hand. The parliamentary opposition is supported by the KOD, a grassroots civil society organization that often organizes demonstrations against the current government.

Conflict intensity

2

'06 10 '18



## II. Governance Performance

### 14 | Steering Capability

The PiS government led by Beata Szydło has been committed to democracy, but its vision of the rule of law, the separation of powers and national sovereignty within the EU fundamentally differs from the ideas of the opposition parties. The government has set specific policy priorities insofar as it aims to fulfill social pledges made during the electoral campaign. These pledges include an increase in the minimum wage and family allowance, tax relief for small businesses, lowering the retirement age and reverting to a higher age for starting school. These priorities are listed on the website of the chancellery. However, during the electoral campaign, the government did not announce its intention to change the democratic consensus. In fact, the government has taken action against the democratic institutions of checks and balances, and reduced the power of the Constitutional Court and the media to hold the government accountable.

The PiS government has developed its own long-term strategy for responsible development, of which a first draft was presented by Minister of Development Mateusz Morawiecki in February 2016. Ultimately, however, policy-making under the PiS government has been guided by the grand visions and inspirations of PiS Party Leader Jarosław Kaczyński.

The government is able to implement many of its reforms because it has a majority in parliament. Hence, many reforms in the social welfare sphere were implemented very quickly in its first months in office. Other political aims, however, such as the attempt to completely ban abortion or to restrict journalists' access to parliament, were criticized and demonstrations were organized to voice people's concerns. In addition, the EU and the opposition in parliament sided with the public. In the end, the government had to give in and refrained from passing these bills. By contrast, refusal to accept the rulings by the Constitutional Court and the actions taken against its judges clearly demonstrate the power of the government to implement decisions against the Constitutional Court.

Question

Score

Prioritization

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Implementation

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'06 10 '18



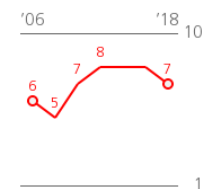
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There are institutional mechanisms for policy learning through regulatory impact assessments and actions were taken by previous governments that aimed to professionalize the staff in the chancellery, ministries and the parliament and public administration in general. It is common practice to seek the advice of experts on different policy-related matters, although consultations are not always transparent. The government's ability to replace failed policies with innovative ones is limited. Currently some bills are prepared in no time so that policy learning and thorough consultancy are hardly possible. Already in previous years, a learning process was visible regarding the absorption of EU funds, which has improved in recent years so that up to 80% of these funds are adequately used. Policymakers have also learned from international examples.

#### Policy learning

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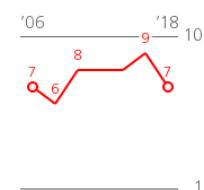


### 15 | Resource Efficiency

The government is legally obliged to make efficient use of available human, financial and organizational resources. In addition, the constitution requires the preservation of a sound state budget and the improvement of local administration. The previous government followed a rather careful budget policy and over years managed to reduce the fiscal deficit, for instance, from 56.0% of GDP in 2014 to 50.5% in 2015. Current increased social spending on families and pensioners will result in higher expenditures from the state budget. A slight increase of the deficit to 51.3% was already visible in 2016. Administrative structures have been made more efficient and professional in the past and modernization of procedures and institutions has taken place. Politically motivated changes of personnel that went beyond the usual level of very high-ranking bureaucrats and others after the 2015 elections increased doubts about the current government's purely professional perception of human resources. Instead there is greater politicization.

#### Efficient use of assets

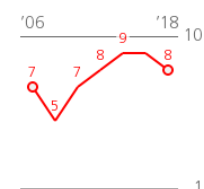
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Structurally, policy coordination obliges the Chancellery of the Prime Minister of Poland to monitor the government's legislative work and to issue opinions on documents to be submitted to the Council of Ministers. There is a standing committee that coordinates work in the chancellery and prepares for cabinet meetings. As with the preceding Tusk and Kopacz governments, the number and role of cabinet committees under the PiS government have been limited. However, the latter set up the Innovativeness Council, consisting of five ministers, in February 2016 and the Economic Committee at the end of September 2016. The Economic Committee is in charge of coordinating the finalization and implementation of the Strategy for Responsible Development. Informal mechanisms of coordination have played an important role under the PiS government. PiS Chairman Jarosław Kaczyński has served as the gray eminence behind the scene. He has made many important decisions himself, and the standing of government ministers has been strongly dependent upon their relationships with him. So far, no major conflicts about policy proposals among the members of the cabinet have been reported.

#### Policy coordination

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The government is eager to contain corruption. The Central Anti-Corruption Bureau (CBA) has expanded its tasks. Integrity mechanisms, such as transparency with respect to members of parliament' income, regulations for party financing and a common understanding of the code of conduct are well implemented and work in practice. As a result, corruption at the top is limited. The CBA admits that certain sectors are at risk: road and rail infrastructure, information technology in public administration, EU funds, defense and health care, as well as public procurement at local and regional levels. Cases of corruption were also traced in the public procurement system, especially at the local and regional levels. At the same time, tax authorities were able to target and recover a billion euro in unpaid taxes. Overall, corruption in Poland is much lower than in the past, such as the rampant corruption present in the 1990s. For the current government, combating corruption is not high on the agenda, which is different from the first time the PiS was in power between 2005 and 2007, when the fight against corruption was used as a political tool.

The current government seems to have a different attitude toward corruption, as shown by the case of Mariusz Kamiński. He was the founder and first head of the CBA, later dismissed from this position and in 2015 sentenced to three years in prison for abusing his power during an operation targeting a political rival of the PiS in 2005-2007. After the 2015 election, he was pardoned by President Andrzej Duda and then appointed director of Poland's security services.

## 16 | Consensus-Building

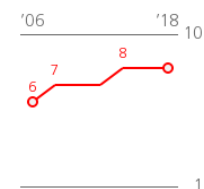
All major political actors agree on the primacy of democracy, but political parties have different ideas about the type of democracy (the level of self-administration, checks and balances and the degree of integration into the European Union). While the PO, Nowoczesna and to a certain degree also the PSL favor a less centralized style of governance, the governing PiS party wants to concentrate political power in the core executive at the national level.

All major political actors also agree on the primacy of market economy, but parties have different views on the relations of state and market. The opposition parties favor less state involvement in the economy. The government opts for more intensive economic governance of state structures and a demand-oriented economic policy.

Relevant political actors in principle follow democratic norms and procedures and are not confronted by anti-democratic actors (see below). Still, it is the government that currently takes actions considered as anti-democratic by many observers and the people. These actions concern the independence of the Constitutional Court since President Duda did not appoint even the judges whose nomination was valid. In addition, the rulings of the court are not published and therefore not valid. Moreover,

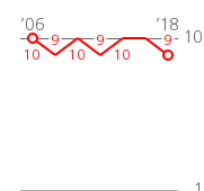
### Anti-corruption policy

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### Consensus on goals

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### Anti-democratic actors

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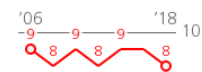
the government's influence on public media has been heavily criticized. The opposition sees itself as the defenders of democratic values and principles.

Those actors who do express anti-democratic ideas and goals are mainly minor right-wing extremist parties, such as the National Rebirth of Poland Party or the National Movement. They usually use the parade on the occasion of Polish Independence Day on November 11, or football matches, to attract some public attention. Populist parties, such as the Congress of the New Right that was successful in the elections to the European Parliament in 2014, and Kukiz'15 are regarded as populist and eurosceptic rather than anti-system parties. However, five members of the National Movement entered parliament in 2015 representing Kukiz'15.

The current government, on the one hand, uses cleavage-based conflicts in order to appeal to its voters and to demonstrate its commitment to their interests. In fact, several speeches and legal measures have contributed to an even more polarized public climate. On the other hand, the government seeks to minimize social exclusion for those segments of society that have not yet profited much from Poland's favorable economic conditions, such as families living in the countryside, pensioners and young people without employment. Hence, although there is discontent with some measures and protest against them, the PiS government was still leading in the opinion polls with a majority of 37% approval in January 2017 (CBOS 2017).

Conflicts of a religious nature rather circle around the level of self-determination of women, especially when the government attempted, with the help of the Catholic Church, to put through a complete ban on abortion. This brought thousands of women onto the streets. In this case, the government gave in to the protests and finally tried to reduce the level of conflict. Overall there is a strong cleavage between the supporters of the PiS government versus those who oppose it, mostly from Civic Platform and Nowoczesna, in addition to the nongovernmental KOD.

Civil society actors have a right to participate in policy-making. The government is obliged by law to consult all parties affected by proposed legislation. Online consultations with ministries have been introduced as well as the opportunity to follow a bill through the lawmaking process online. Consultation with trade unions and employers' associations usually takes place before the state budget is passed in parliament and for other laws related to labor and social policies. The current government lists legislative proposals on the website of the chancellery so that citizens can track their progress. In practice, however, the consultation of social actors by the government is often merely a formality. Members of the Social Dialog Council, an institutionalized form of consultation between trade unions and employers' organizations, have not always collaborated successfully.



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Cleavage /  
conflict  
management

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Civil society  
participation

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Rules on how to deal with the communist past are in force. They mainly focus on lustration. The Institute of National Remembrance (IPN) obtained the archives of the communist police and, since 2000, has made the files of the secret services accessible to affected persons. The interest of the public in these files has always been comparatively low. Officials have to declare whether they collaborated with the communist secret police or intelligence services. If they admit such activities, they are not punished. However, the tool of lustration has often been used to discredit political opponents.

A broader society-wide discussion about reconciliation for historical acts of injustice, especially in times of communism, was already a major topic during the first PiS-led government between 2005 and 2007. Currently the PiS leads this debate, focusing on different aspects. The first issue concerns former President and Solidarność leader Lech Wałęsa and whether or not he was an informant of the secret police during communist times. The IPN claims that there is evidence of this, which Wałęsa rejects, so now there is an ongoing legal case.

Second, the government and especially Minister of Culture and National Heritage Piotr Gliński aim to promote a distinct nationalist narrative of Polish history. Gliński proposed modifying the concept underlying the Museum of the Second World War in Gdansk in order to focus on the heroism of the Polish Army and resistance movement, rather than showing the suffering of different groups. He also wanted to merge this museum with the Museum of the Westerplatte and the War of 1939, an intention that created an ongoing legal (in several courts) and political conflict, including pressure on the museum's personnel. Gliński's attempt shows that the experiences of dictatorship and occupation still serve political goals, though not as a means to achieve a consensus in society regarding how to depict the past.

In addition, the ongoing reform of secondary education is seen as an attempt to incorporate more nationalist elements into the school curricula.

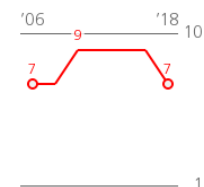
## 17 | International Cooperation

The current PiS government has clear aims about the political and economic development of the country and just adopted the Responsible Development Plan that addresses several development goals between now and the year 2030.

Since some members of the current government have worked in international institutions, (e.g., the minister responsible for development and finance studied abroad and worked for the German Bundesbank), they bring international experience to their government service, as well as consideration of developments in other countries. However, this does not necessarily mean that policy proposals are

### Reconciliation

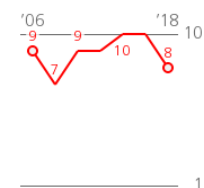
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### Effective use of support

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developed in collaboration with international partners or based on international assistance.

Relations with the European Union are less hostile compared to the years between 2005 and 2007 when a PiS-led government was likewise in power. The current government tries to find allies within Europe in order to get support for certain measures. In particular, it uses the Visegrad group and especially the support of Hungary, which is considered by the Polish government as a role model for the institutional transition toward a less pluralistic system.

However, at the same time, relations with the EU are strained due to the rule of law procedure initiated by the European Union and Poland's unwillingness to collaborate in energy policy and refugee resettlement.

Poland is still the largest beneficiary of the EU structural funds for the period 2014-20, with amounts totaling €105.8 billion (PLN 441 billion), including €72.9 billion (PLN 303.6 billion) in the Cohesion Policy framework and €28.5 billion (PLN 118.8 billion) as Common Agricultural Policy payments (Ministry of the Treasury 2014). Poland's ability to use structural funds has increased in recent years, and now about 80% of available resources are absorbed.

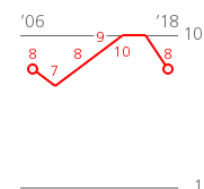
The current Polish government is not considered a very reliable partner at the EU level, due its uncompromising stance regarding energy policy and the resettlement of refugees in Europe, and its attacks on media freedom and the rule of law and its interpretation of national history. Nevertheless, Poland complies with most international agreements, engages in international cooperation and pays its developmental assistance contribution. Poland wants to gain a non-permanent seat in the United Nations Security Council in 2018-2019 and now seeks support from other states. At the recent EU Council meeting in Malta, Prime Minister Szydło pledged more funds to help mitigate the reasons for migration in source countries, but clearly wants to address this issue outside of Poland.

The uncertainty over the current government's economic policy has contributed to a decline in investment. PiS Chairman Jarosław Kaczyński criticized this decline as a deliberate attempt to weaken the PiS government by a part of the business community that was allegedly connected to the former government. The modification of the official expenditure rule in December 2015, which created additional leeway for spending in the 2016 budget, has reduced the credibility of the country's fiscal framework.

Regional and international cooperation has become more difficult for Poland than they were before the period under review. First, relations between Poland and the European Union have deteriorated since the EU instigated a rule of law procedure against the Polish government. Second, former allies might not be available. Brexit means a loss for Poland of a partner among the large EU members that also opted for

Credibility

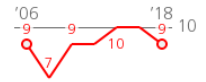
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Regional cooperation

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less integration. And since the new U.S. President Donald Trump follows such an erratic and often pro-Russian approach in his foreign policy, it is also questionable if this partnership will be as relevant in the future as it once was. Hence, Poland seeks a close relationship with Hungary. PiS politicians frequently visited Hungary before their victory in the 2015 elections and, despite Hungary's friendly approach toward Russia, which Poland does not share at all, the two countries have a lot in common. Hungary is likely to support Poland in a European Council decision on Poland's rule-of-law shortcomings. Prime Minister Orbán has already declared that he will veto any kind of decision in that respect. The Visegrad cooperation has also become more important to the Polish government as a form of regional cooperation within the EU, and was used when talks were held to find a compromise on the resettlement of refugees. Poland has supported the EU sanctions against Russia, joined the NATO decision to reinforce the deployment of troops in the Baltic States and opposed the construction of a second Baltic Sea natural gas pipeline by Russia and Western companies.



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## Strategic Outlook

During the period under review, Poland's economic performance was good. Despite a slowdown in economic growth, the main indicators show that the positive trend continues, although the threat of rising public debt due to increasing state expenditures is present. In late 2016 the government unveiled the Responsible Development Plan, which, among other goals, aims to lift average incomes to a level of 100% of the EU average by 2030. This plan was received with mixed reactions by economic experts. The analysis of shortcomings and difficulties and the formulation of strategic aims for further developing Poland's economy was considered appropriate, but there were criticisms that the plan lacks measures to implement these aims.

Aside from the debates on appropriate social policies and economic development tools, even more harmful for the development of Poland are the measures taken against the Constitutional Court and the media. They undermine democratic standards and principles and make the country less reliable internationally, politically and in terms of economic integration. A decrease in foreign investment is already evident. Conflicts with EU institutions continue. Isolation within the EU will become an even more pronounced problem for Poland, as Great Britain can no longer serve as an ally. Poland's attempts to cooperate with the three Visegrad countries have so far not worked out. Since Poland does not belong to the Euro-Group and the PiS rejects further integration (e.g., taking down the European flag in the government's press conference chamber was a strong symbolic signal), this makes it difficult for the country to define a new and strong position within the EU. Even if the European Commission does not decide for measures to be used regarding Poland's lukewarm response to its complaints in the rule-of-law procedure (also because of Hungary's expected veto), the heavy loss of trust in the community of European states will be very difficult to regain. Although the PiS and its supporters share many of Donald Trump's political visions, such as anti-immigrant and anti-Muslim sentiments, the preference for national values and interests, the erratic decision-making of the current U.S. president and his initial rejection of NATO and multilateralism in security policy do not make him a trustful partner. Hence, Poland's traditionally close relations to the United States have become more fragile.