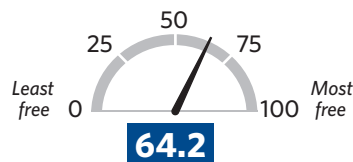


POLAND

Economic Freedom Score



World Rank: **64** Regional Rank: **29**

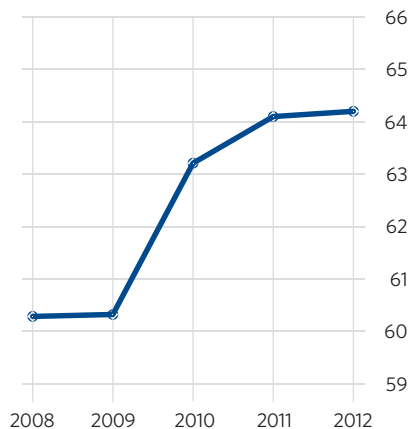
Poland's economic freedom score is 64.2, making its economy the 64th freest in the 2012 *Index*. Its score is 0.1 point better than last year, reflecting an improvement in freedom from corruption that is offset by a lower score for government spending. Poland is ranked 29th out of 43 countries in the Europe region, and its overall score is above the world average.

Poland has emerged from the global economic downturn largely unscathed, continuing its transition to a more flexible economy. The economy performs relatively well in many areas of economic freedom. With a transparent and efficient business climate further supported by political stability, Poland has created a dynamic environment for entrepreneurs. Barriers to free trade are quite low, and commercial operations are aided by regulations that support open-market policies. Inflationary pressures are under control, and foreign investment is welcome.

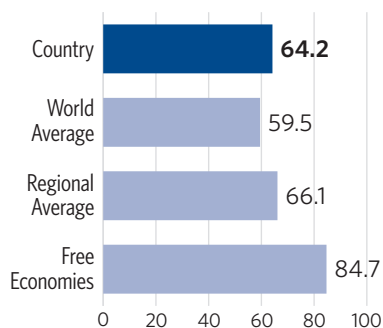
Nonetheless, institutional weaknesses still hold back economic freedom and prevent more dynamic growth. Particularly, the foundations of economic freedom remain challenged by corruption and an inefficient judicial system that is vulnerable to political interference. The accumulation of large fiscal deficits in recent years risks undermining Poland's long-term competitiveness and highlights the need for more disciplined management of public finance.

BACKGROUND: Soviet control of Poland ended with the anti-Communist Solidarity trade union movement taking over parliament in 1989 and the presidency in 1990. In the 1990s, Poland had a favorable investment climate and achieved rapid real income growth. It joined NATO in 1999 and the European Union in 2004. In April 2010, Poland's top political leadership died in the crash of the presidential plane in Russia. Bronislaw Komorowski of the pro-business, center-right Civic Platform party was subsequently elected president. Parliamentary elections were scheduled for October 2011. Poland is the only EU country to maintain positive economic growth during the 2008–2009 economic downturn, and real GDP increased by 3.8 percent in 2010.

Freedom Trend



Country Comparisons



Quick Facts

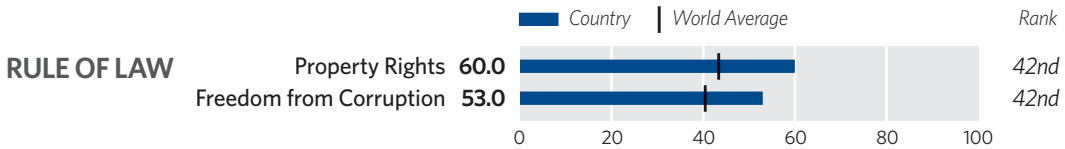
- Population:** 38.1 million
- GDP (PPP):** \$721.3 billion
- 3.8% growth in 2010
- 5-year compound annual growth 4.7%
- \$18,936 per capita
- Unemployment:** 9.6%
- Inflation (CPI):** 2.6%
- FDI Inflow:** \$9.6 billion
- Public Debt:** 54.9% of GDP

2010 data unless otherwise noted.
Data compiled as of September 2011.

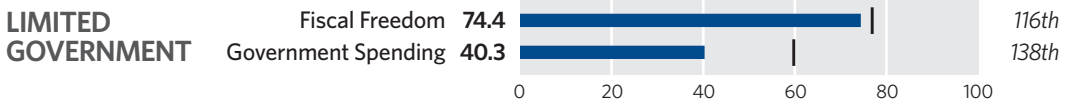
How Do We Measure Economic Freedom?

See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

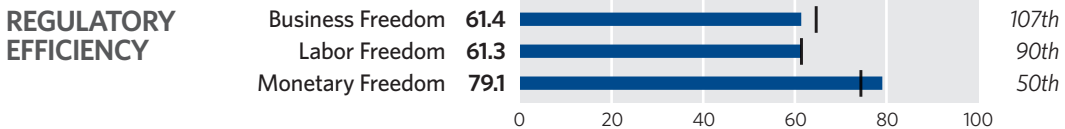
THE TEN ECONOMIC FREEDOMS



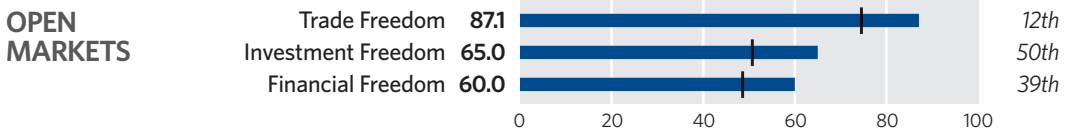
The legal system protects the acquisition and disposition of property, but the judiciary is slow to resolve cases and susceptible to political interference. There can be unexpected changes in laws and regulations. Piracy of intellectual property continues despite government efforts to improve protection. Bribery and abuse of public office are punishable under the criminal code, but systemic corruption remains a cause for concern.



The top income tax rate is 32 percent, and the top corporate tax rate is a flat 19 percent. Other taxes include a value-added tax (VAT) and a property tax, with the overall tax burden amounting to 34.3 percent of total domestic income. Government spending has risen to a level equivalent to 44.6 percent of GDP, and the budget balance has become negative in recent years. Public debt has reached about 55 percent of total domestic output.



Measures have been taken to further streamline business start-up procedures and facilitate private-sector development, but the pace of reform has slowed. It still takes slightly more than the world average of 30 days to launch a business. The cost of completing licensing requirements has been cut almost in half. Labor codes are relatively stringent, and unions exercise considerable influence on labor issues. Inflation has been under control.



The trade weighted average tariff rate is low at 1.4 percent as in other members of the European Union, but layers of non-tariff barriers increase the cost of trade. Certain areas of investment require government approval, and the regulatory system is not particularly efficient. Foreign and domestic investors are generally treated equally. The financial sector consists mainly of private banks, and capital markets are expanding.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+0.4	Business Freedom	0	Trade Freedom	-0.5
Freedom from Corruption	+3.0	Government Spending	-3.5	Labor Freedom	+0.1	Investment Freedom	0
				Monetary Freedom	+1.0	Financial Freedom	0