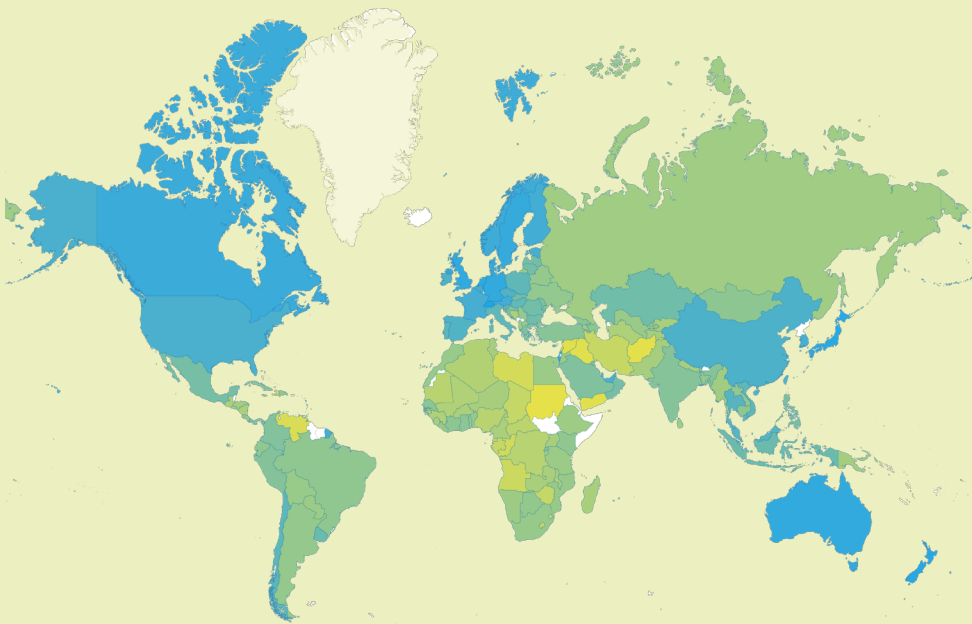


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ELITE QUALITY REPORT 2023

The state of Polish Elite Quality: Consolidation or stagnation ahead?

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Poland: A consolidation of elite quality, or stagnation ahead?

Poland, the most prominent former Eastern Bloc country, joined the European Union in 2004 and quickly became its sixth-largest economy. Globally, Poland's GDP is now ranked 23rd, and in December 2022, the unemployment rate was reduced to a record low of 2.9%, the second lowest in the EU. Despite the unquestionable growth of the last decades, the economy still faces serious challenges such as high inflation and labor shortages. In addition, while the nominal GDP numbers are impressive, the per capita rankings are much lower, with Poland at 47th and 38th worldwide (nominal and PPP, respectively). The EQx framework provides some critical insights regarding the country's broader socioeconomic situation. Poland has been included in the EQx since its inception and was ranked # 35 in 2021, rising to, # 29 the following year. In the EQx2023, Poland has fallen to # 33. Overall, the results of the last three years clearly demonstrate that Poland's position in the rankings is relatively stable, but at the same time, they show a certain degree of stagnation.

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Excellent results in *Administrative decentralization* (ADE, i.1, rank # 15) were bolstered this year by *Fiscal decentralization* (FDE, iii.8, rank # 24). Despite some critics' opinions on the central government's ubiquitous influence on all spheres of public life, a lot of decision-making freedom remains at the local and municipal government levels. For instance, local authorities run and fund public elementary and high schools, resulting in excellent learning conditions as manifested by positive outcomes in the *Pupil-teacher ratio* (PTR, iii.7, rank # 9). Polish high school students also score highly and are in the top ten of the PISA 2018 study measuring students' academic performance in mathematics, science, and reading (PIS, iii.7, rank # 9).

Despite these solid results, there are still several areas for improvement. The institutional environment for business remains quite challenging. Poland ranks # 44 on being *Open for business* (OFB, iv.10) and # 41 on *Barriers to FDI* (BTF, iv.10). Furthermore, challenging existing formal obstacles and questionable regulations constitutes a significant problem for both individuals and companies as is evidenced by the low ranking of # 113 for the *Ease of challenging regulations* (ECR, i.2). It should come as no surprise then that the informal economy constitutes a significant part of the total economy as illustrated by the *Informal output as a % of GDP* (INO, i.2, rank # 42). The Polish government ranks poorly at # 83 in the *Government's responsiveness to change* (RTC, i.1.). In a stable external environment, such rigidity is perfectly acceptable, but in a crisis, it becomes a significant risk factor. The recent COVID-19 pandemic and the Government's reaction led to inadequate responses, causing a high *COVID-19 mortality rate* (COM, iii.7, rank # 107) and a high number of *COVID-19 lost schooldays* (CLS, iii.7, rank # 89). The recent drop in *Life expectancy men* (LEM, iii.7, rank # 47) is a grim reminder of the collapse of the healthcare system during the pandemic.

To conclude, Poland is a prime example of the positive effects of free market transformation and, even more importantly, EU integration. The progress made over the last thirty-four years is significant and noticeable in virtually all aspects of economic and social life. Nevertheless, this impressive progress seems to be slowing down, as is clearly reflected in the EQx scores for this year. Undoubtedly, the last three years have posed significant global and regional challenges. The country's elites must ensure that these relatively stable rankings are not seen as being good enough but become a springboard for further progress.

Dr. Mike Szymanski

Poland

EQx2023 Country Scorecard

Population **37.7 million**
 GDP (nominal) **679 billion USD**
 GDP per capita **18'000 USD**



Level 1 – Index

EQx Rank / 151	EQx Score	NextGen VCB Rank
33	56.4	30

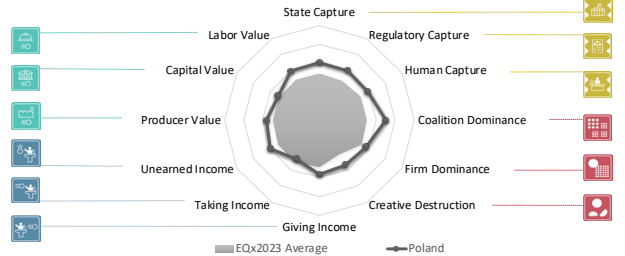
Quality Elites

Level 2 – Sub-Indices & Index Areas

EQx Sub-Indices				EQx Index Areas							
Power		Value		Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
31	59.0	34	55.1	33	60.6	34	58.2	40	54.0	38	55.6

Level 3 – Pillars

		Rank / 151	Score
Political Power (i)	State Capture	29	61.0
	Regulatory Capture	40	60.6
	Human Capture	50	59.2
Economic Power (ii)	Coalition Dominance	4	70.0
	Firm Dominance	57	56.3
	Creative Destruction	42	54.5
Political Value (iii)	Giving Income	30	56.8
	Taking Income	102	47.0
	Unearned Income	21	59.8
Economic Value (iv)	Producer Value	47	55.8
	Capital Value	63	50.7
	Labor Value	36	60.0



Level 4 – EQx Indicators

		Rank / 151	Score
State Capture (i.1)	COR Political corruption	28	80.5
	COC Control of corruption	35	68.4
	OPG Open government	39	61.4
	RTC Government's responsiveness to change	83	40.3
	EPR E-Participation Index	47	65.8
	PFD Press freedom	50	61.6
	NJK Nr. of journalists killed per 1 million people (2yrs avg.)	1	62.5
	PDE Political decentralization	50	58.7
	ADE Administrative decentralization	15	82.0
	PGL Political globalization	14	82.9
Regulatory Capture (i.2)	WPI Women's Power Index	58	53.1
	MOB Social mobility (upward) (dev. fm optimum)	55	54.0
	INE Top 10% share of pre-tax national income	35	71.1
	GWL Gini coefficient on net national wealth dist. - level	128	18.6
	GWC Gini coefficient on net national wealth dist. - 3-year growth	124	50.3
	GIL Gini coefficient on income dist. - level	26	72.4
	GIC Gini coefficient on income dist. - 1-year growth rate	14	63.6
	ECR Ease of challenging regulations	113	22.7
	CGP Constraints on government power	55	50.1
	REQ Regulatory quality	33	72.8
Human Capture (i.3)	REN Regulatory enforcement	29	66.1
	PRI Property rights	41	68.2
	CRO Crony capitalism	13	64.4
	INO Informal output as a % of GDP	42	65.1
	GSI Global Slavery Index	61	59.7
	FDP Forcibly displaced population as % of population	35	56.5
	HRI Human Rights Index	43	63.7
	AFI Academic Freedom Index	83	45.7
	GRI Religion - Government Restriction Index	82	52.9
	LIN LGBT+ inclusiveness	55	59.5
Coalition Dominance (ii.4)	WSB Women self made billionaires	19	38.2
	WBL Women, business and the law	26	73.5
	WMA Proportion of women in senior and middle mgmt positions (17	76.0
	IEE Top 3 industries exports as % of exports	6	88.6
	IEO Top 1 industry exports as % of exports	21	72.4
	IVA Top 3 industries as % of VA	21	72.3
	HHI Domestic market diversification	61	62.3
	ECI Economic Complexity Index	22	77.8
	PUE Public employees as a % of total employment	102	33.3
	MIL Military expenses as % of GDP (dev. fm optimum)	20	68.8
Firm Dominance (ii.5)	UNI Unionization rate (dev. fm optimum)	32	67.2
	B5N Barriers in service & network sectors	28	48.0
	CRA Criminal actors	13	83.6
	SME SMEs per 1,000 people	70	40.9
	FAM Family business revenues as percentage of GDP		
	BIW Billionaires' wealth as % of GDP	100	54.2
	FKG Top 10 firms market cap as % of GDP	16	61.2
	FRG Top 3 firms revenues as % of GDP	25	61.8
	FRR Top 30 firms revenues as % of GDP	16	63.9
	ENT Entrepreneurship	25	71.4
Creative Destruction (ii.6)	GSE Governmental support to entrepreneurship	35	53.9
	VCK Venture capital finance	61	30.6
	VCA Venture capital availability	79	42.6
	RND R&D as % of GDP	30	72.1
	EXR Firm exit ratio	10	58.3
	BCD Billionaire's creative destruction	46	51.2
	IWE Index of Women Entrepreneurs	18	67.1
	LEW Life expectancy women	35	70.5
	LEM Life expectancy men	47	63.6
	VAX COVID-19 vaccination rate	37	53.9
Giving Income (iii.7)	COM COVID-19 mortality rate, age-adjusted	107	35.0
	COF COVID-19 fatality rate, age-adjusted	68	57.7
	COV COVID-19 excess deaths, age-adjusted	33	61.0
	CLS COVID-19 lost schooldays	89	41.9
	SCI UHC Service coverage index	40	64.5
	PTR Pupil-teacher ratio	9	76.7

		Rank / 151	Score
Giving Income (iii.7)	EDU School life expectancy	33	70.3
	PIS PISA mean scores	9	77.0
	UNV Top universities	43	29.0
	GEE Government education expenditure	44	60.9
	OSI Online Service Index	40	70.9
	NRI Network Readiness Index	30	67.6
	INT Internet access	43	68.8
	FSQ Global Food Security Index - availability, quality & safety	26	72.8
	GPS Expenditure on general public services as % of GDP (dev. fm	6	65.8
	GEX General government expenditure as % of GDP (dev. fm optim	70	44.6
Taking Income (iii.8)	SNT Subsidies and transfers as % of expenses	74	44.8
	REG Regional redistribution as % of government budget	131	12.1
	SUB Death rates from substance use per 100,000 people	136	14.0
	BRD Battle-related deaths per 100,000 people	1	54.2
	HOM Homicide rate	76	56.6
	SUI Suicide rate per 100,000 people	108	43.4
	DTR Tax revenue as % of GDP (dev. fm optimum)	80	46.1
	DCT Corporate tax rate (dev. fm optimum)	72	52.7
	DPS Delta public vs private sector salaries	2	74.2
	FDE Fiscal decentralization	24	54.8
Unearned Income (iii.9)	GCI Global Cybersecurity Index	36	70.6
	GEG Gender education gap (dev. fm optimum)	34	27.4
	CRM Criminal markets	43	65.5
	DBT Government debt as % of GDP	65	57.4
	NRR Natural resources rents as % of GDP	42	60.7
	GPA Green patents	34	65.7
	EPI Environmental Performance Index	36	66.5
	DER Deforestation Rate	83	54.7
	FUS Fertilizer usage kg per hectar	92	52.6
	TLP Terrestrial land protected	6	98.9
Producer Value (iv.10)	CDO CO2 emissions (metric tons per capita)	130	32.3
	AIR Air quality index	49	56.1
	HAZ Hazardous Waste per capita	26	54.2
	WPC Waste collected per capita	45	54.8
	MWR Municipal Waste Recycling Rate	26	55.5
	FIS Fishing consumption as % of population	82	55.6
	MET Red meat consumption kilograms per capita	132	21.1
	PAT Nr. of patent applications per 100,000 people	21	52.0
	FBH Financial burden of healthcare	72	57.3
	HEI Health Efficiency Index	22	53.5
Capital Value (iv.11)	DMS Density of medical staff	41	57.0
	FSA Global Food Security Index - affordability	27	73.5
	FDS Inward FDI as a % of GDP, Stock	79	45.1
	BTF Barriers to FDI	41	57.4
	OFB Open for business	44	48.4
	EGL Economic globalization	33	72.8
	TRF Trade freedom	18	70.8
	IPM Share of imports targeted by protectionist measures (flow)	89	23.3
	IPS Share of imports targeted by protectionist measures (stock)	104	29.4
	DGI Share of discriminatory government interventions as % of tota	63	64.8
Labor Value (iv.12)	DGS Share of discriminatory government interventions as % of tota	131	25.3
	DOI Inflation (dev. fm optimum)	114	51.8
	DEF GDP deflator index growth rate (dev. fm optimum)	81	55.1
	DNI Neutral interest rate (dev. fm optimum)	17	43.7
	FMI Financial Markets Index	41	62.4
	GFC Gross capital formation	91	41.5
	DMA M&A as % of investment - 3 yrs rolling avg. (dev. fm optimum)	34	53.3
	GOL Gold demand as % of GDP		
	UNC Unicorns per 1 million people		
	BSG Billionaires self-made nr. per 1 million people	43	35.7
B5M Billionaires self-made as % of total billionaires	22	59.3	
Labor Value (iv.12)	LPG Labor productivity growth	13	60.7
	WLP Delta real wage vs labor productivity increases	14	66.0
	LFP Labor force participation rate	99	43.8
	LFR Labor force participation ratio - male vs female	83	54.1
	UEM Unemployment rate	23	69.9
	YUN Youth unemployment rate	64	59.8
	BRN Human flight and brain drain	55	56.1

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