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THE CHALLENGES OF THE RECENT FINANCIAL CRISIS: AN ANALYTICAL APPROACH OF POLAND EXPERIENCE

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Abstract. *When looking back to the global financial crisis which has been over for a few years now, we can see both, European Union Member states which were profoundly affected by it and others which were relatively unscathed. The core of the last scenario is represented by Poland that unlike the majority of European countries has actually faired very well in the face of this recession. A lot of literature discusses its success, emphasizing the internal strength of the economy, and partly the impact of several external factors which helped Poland to deal with the global crisis. Although, from an outsider perspective, Poland appears to have had a certain level of immunity to financial crisis, in reality the crisis has had an impact on its economy and public administration structures.*

Taking into account that, the biggest challenges may still lie ahead, and the fact that certain member states of the European Union still try to recover from global crisis, this paper aims to look closer to Poland, and to evaluate its responses to the global financial crisis for identifying some mechanisms or public policies and institutions which can be considered as benchmarking or good practice for other countries. The main concern is outlining various measures were taken or are currently being taken to stem any further effects of the crisis. The unit analysis consists on reforms of public administration and economic policies of Polish Government and European Union strategies.

As research methodology, the study adopts a case-oriented approach to advance its arguments using both quantitative and qualitative data, published by European and national institutions.

Keywords: *financial crisis, measures, Polish Government, European strategies*

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1. Introduction

The financial crisis that hit the global economy, since the summer of 2007, is without precedent in post-war economic history. After eight years of implementing austerity plans due to economic crisis, we can remark the efforts of almost all Member States to deal with it. Since the crisis, the structural reforms have evolved differently across countries. In addition, both regulatory and non-regulatory challenges to investment remain. One way for doing that was represented by the acceptance of the internationally recommended / mandated reforms and spending cuts.

Starting to 2010, many European governments embarked on a series of austerity measures required by European Central Bank, European Commission, and International Monetary Fund (IMF) through their bailout agreements. Moreover, in 2012 the Eurozone faces four major, and related economic challenges: (1) high debt levels and public deficits in some Eurozone countries; (2) weaknesses in the European banking system; (3) economic recession and high unemployment in some Eurozone countries; and (4) persistent trade imbalances within the Eurozone (Nelson, 2012). In this context, it can be drawn that many countries have been profoundly affected by crisis, except Poland which was the only European Union country that avoid recession in 2009, after the global economic and financial crisis. Intrigued by this issue, the current paper tries to identify a path which can be followed by other Member States of European Union. In order to this, the analysis is conducted around the questions:

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(1) Which internal and external triggered factors explain this trend?

(2) Which are the main actions taken by Poland against the crisis?

In doing so, the author ground his analysis on considering that a strong economic governance arrangements of the EU needs consolidated action plans at national level. Combining structural reforms, investment, and fiscal responsibility ("the virtuous triangle" of the Annual Growth Survey for 2015) with a stronger focus on social fairness and social dimension of reforms helps to build a solid foundation for sustained growth, greater social cohesion, and economic convergence.

For testing the above research hypothesis, a content analysis of the Commission's Recommendations and Country Reports are to be employed. From a fiscal perspective, since 2010, the EU has embarked on a new far-reaching and integrated surveillance system of the Member States. The EU is more than ever closely monitoring the economic performance of the Member States through the stability and convergence programmes, while at the same time closely watching how Member States perform in relation to the new Europe 2020 strategy (Dogaru, TC, 2015, p. 2).

2. Approaching financial crisis

The 2008 financial crisis, rapidly developed and spread into a global economic shock, but before getting into its origins and consequences, it is worthwhile to define the term „financial crisis". In this sense, Goldsmith (1982, quoted in Kindleberger, 1989) defined the financial crisis as „a sharp, brief, ultra cyclical deterioration of all or most of a group of financial indicators - short-term interest rates, asset (stock, real estate, land) prices, commercial insolvencies and failures of financial institutions". From the above definition, Desai and Said (2004, p. 8) note the three elements:

- it is a turning point.
- it is abrupt – sudden, unanticipated, discontinuous with what has gone before.
- it is represented by a large abrupt change in some indicator of the state of the system.

The triggers of the current economic and financial crisis continue to attract much attention. Some scholars (Jungmann, Sagemann, 2011, p. 23) argued that the financial crisis which in most countries began to show up in 2008 was triggered by the housing bubble in the USA. In reality, the reasons for this crisis are varied and complex. In this context, there have been a number of theories or explanations that have been put forward concerning the possible causes that have led to the financial crisis. From some points of view (Farrar, Mayes, 2013, p. 4) the global financial crisis arose out of the US subprime mortgage crisis.

This crisis has been unusual since its origin has been the industrialized countries, reflecting the fact that financial innovation and deregulation had been more prevalent (IMF, 2009, p. 8). The crisis has exposed fundamental problems, not only in national regulatory systems affecting finance, competition, and corporate governance, but also, in the international institutions and arrangements created to ensure financial and economic stability (Stiglitz, 2010, p. 1). Thus, there was a need for action at an international, as well as domestic level, and this led to the formation and the reconstitution of the international bodies. For example, in the immediate aftermath of the global financial crisis, a number of enquiries, public and private, were established to investigate, analyse and provide considered responses to the crisis (Ciro, 2012, p. 34). These enquiries have included some set up by international bodies such as: the Group of Thirty (G30); the Financial Stability Forum; the Centre for Financial Studies; the International Monetary Fund, and the US Treasury. The Financial Stability Forum represents the centre of both international and national dialogue, and it provides a point of connection for governments and international bodies of experts, as well as institutions such as the International Monetary Fund (IMF) and the World Bank.

2.1. Principles in addressing the crisis

During time, the scholar Stiglitz in his Report, (2010, pp. 11- 15) carried out several other basic principles - besides, for instance, acting with all due speed, recognizing the necessity to offset new forms of externalities, and avoiding financial and other types of protectionism, which should guide the responses of the international community. The quoted author, Stiglitz (2010) emphasis and analysis the following principles:

- *Restoring Balance between Market and Government* – it is imposed by the fact that restoring the global economy to health will require restoring to the state appropriate role of regulator of financial markets. Moreover, the externalities associated with both, the global economic crisis and the global climate crisis can be addressed only by restoring government to its appropriate role in providing collective action at the national and the global levels.
- *Greater Transparency and Accountability* - democratic principles, including inclusive participation in decision-making, should be strengthened and respected. Stiglitz (2010) argued that, in responding to the crisis, many governments have undertaken non-transparent actions and relied heavily on central banks, with only limited democratic accountability.
- *Short-Run Actions Consistent with Long-Run Visions* - In taking policy actions, it is imperative that governments not exacerbate the current crisis through actions that have adverse impacts on other countries or result in structural changes that increase future instability or reduce future growth.
- *Assessing Distributive Impacts* - Any economic policy, including those responding to crises, has large distributive consequences, both within and between countries, and policy makers need to be attentive to those consequences.
- *Avoiding an Increase in Global Imbalances and Asymmetries* - the measures introduced to respond to this crisis should seek to reduce, not exacerbate, the inequalities and asymmetries.
- *Distribution and Incidence of Risk* - all economic policies involve risks and uncertainties, but under different economic policies, different groups may bear the brunt of this risk.
- *Irreversibility (Hysteresis Effects)* - policies need to be sensitive to non-linearity and problems of irreversibility. An economy may be able to absorb small shocks, but large shocks can have disproportionately adverse effects.
- *Intellectual Diversity* - the current economic crisis has raised further questions concerning these doctrines and has highlighted the relevance of alternative theories and ideas. Any approach to addressing the current economic crisis and preventing future episodes must be robust, in the sense that the conclusions and policy prescriptions cannot rely on economic doctrines in which there is, or should be, limited confidence.

According to Farrar (et al., 2009, p. 37) the main lessons that can be learned from the financial crisis are:

- no two crises are exactly alike;
- the first step in a crisis is to ensure stability of the system;
- regulators must be flexible to respond to an emerging crisis while recognising that they cannot manage it;
- regulators need to develop a global early warning system to identify asset bubbles and excesses in domestic and/or international markets and the systemic risk implications;
- there needs to be improved cross-border data sharing and cooperation;
- regulators must take into account the global nature of the present system and its complications;
- regulatory reform must not overreact or be overambitious;
- derivatives need special attention in terms of regulation, disclosure and risk management;
- the boundary of regulation and supervision needs to be pushed out to cover almost all of the financial sector including credit rating agencies; and
- the FSB as the place where all the regulators and other important role players meet has an important role as an international coordinating body (Farrar et al., 2009, p. 37)

Also, it is important to recognize that what began as a crisis in the financial sector has now become an economic crisis. But, it is not only an economic crisis, it is also a social crisis (Stiglitz, 2010, p. 1).

3. Poland' responses to financial crisis

The financial crisis triggered an unprecedented response by governments all over the world. Despite the measures introduced by many countries around the world to damp the impact of financial crisis, it must be recognized that there can be no return to status quo, because while the crisis is a global event in its causes and ramifications, the responses to it have been decided, and especially implemented at the national level taking into account the domestic context of each country. Thus, there is not an unexpected result the fact that some countries have managed the crisis better than others. For example, the Member States of European Union were affected differently. Therefore, it is important that national governments recognize that their policies will be more effective in protecting their citizens from the crisis if they are internationally coordinated. (Stiglitz, 2010, p. 19). So, coordination is essential to the success of the different actions currently being implemented by governments in response to the crisis because the impact of individual policies will depend on actions undertaken by other countries.

In order to understand what has happened and what broader lessons can be drawn, we first outline the main reform measures were carried out by the most intriguing case in the Central European economies, the success of Poland in weathering the crisis.

The specifics of the policy response are already being debated and developed in a range of fora, but this paper brings a synthetic perspective and outlines main reforms carried out.

3.1. A brief on juridical aspects

Poland is a stable parliamentary democracy with a decentralized system of government. The country is divided into 16 regions, subdivided into 373 districts which are in turn made up of 2489 municipalities. In Poland, a whole array of measures related to counteracting the negative impact of the global economic crisis was introduced by the Act of 1st July, 209 on Mitigation of the Impact of the Economic Crisis on Employees and Entrepreneurs (Stelina, 2014). Showing a determined approach to reforms, the government adopted and implemented several ambitious policy measures. The main areas of these changes consist on fiscal consolidation, pensions system and business environment. According to the Ecofin Council, fiscal consolidation should be supported by comprehensive structural reforms, consistent with the Council recommendations issued in the context of the European Semester.

The European Semester is a cycle of economic and fiscal policy coordination within the EU. It is part of the European Union's economic governance framework. The legal basis for the process is the so-called "six-pack" - 6 legislative acts that reformed the Stability and Growth Pact. The first European Semester cycle took place in 2011 (EC, 2015).

Since September 2014, the data on the general government are prepared in accordance with Regulation of the European Parliament and the Council (EU) no. 549/2013 of May 21st, 2013 on the European System of National and Regional Accounts in the European Union. The level of expenditure for 2015 was obtained in three steps. The first of these was the calculation pursuant to Article 14 of the Act of 8 November 2013 amending the Act on Public Finance and some other acts of the planned consolidated sum of expenditure in 2013 covered by the stabilising expenditure rule. The second step was obtaining a consolidated level of expenditure for 2014. In the third step, using entry level of expenditure for 2014 and the relevant macroeconomic indicators and the total value of significant discretionary measures forecasted for 2015, the level of expenditure for the year 2015 was calculated (Polish Government, 2015, p. 23).

In accordance with Art. 121 of the Treaty on the functioning of the EU, Member States regard their economic policies as a matter of common concern and coordinate them within the Ecofin Council. A key factor influencing the level of fiscal consolidation and therefore also the shape of the fiscal policy is the stabilising expenditure rule introduced to Polish legislation in 2013 (through the amendment to the Public Finance Act). The rule introduced meets the requirements arising from the Council directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (Polish Government, 2015, p. 19).

Concerning the pensions system, in May 2012, the Polish Parliament passed a bill to successively raise the age of retirement until it reaches 67 by 2020 for men and 2040 for women (the current retirement age in Poland is 65 for men and 60 for women.) The reform also includes reducing early retirement privileges for certain labour groups, such as uniformed workers (Rae, 2012, p.4). It is important to note that under the Act of 23 October 2014 amending the Act on pensions from the Social Insurance Fund and other Acts introduced, in 2015, a minimum amount of indexation of pensions has been regulated.

3.2. General political-economic conditions

Poland experienced strong growth before the crisis. Driven by domestic demand, increasing interlinkages with global trade networks, foreign capital inflows and credit growth, annual real GDP growth averaged 5.2 % between 2003 and 2008. Poland has pursued economic liberalization since 1990 and stands out as a success story among transition economies. In 2007, when the financial crisis started, Poland was governed by the Citizens Platform Party and Polish Peasants' Party, and in 2011 the Citizens Platform Party was re-elected. This political ground is important due to its clear neoliberal background. Concerning the economic conditions, Poland as many other countries entered the economic crisis with a relatively low current account deficit, compared to most Western European economies.

Table no. 1: Main economic indicators

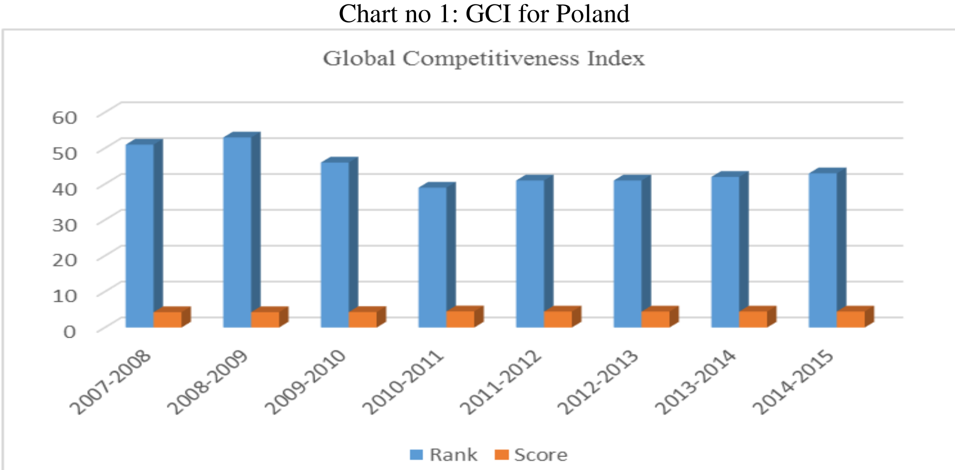
									Forecast	
Indicator	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Real GDP growth rate	7.2	3.9	2.6	3.7	5.0	1.6	1.3	3.3	3.2	3.4
Total unemployment rate	9.1	7.1	8.1	9.7	9.7	10.1	10.3	9.1	8.8	8.3
General government deficit (-)	-1.9	-3.6	-7.3	-7.5	-4.9	-3.7	-4.0	-3.3	-2.9	-2.7
General government gross debt	44.2	46.6	49.8	53.3	54.4	54.0	55.9	50.4	49.9	49.8

Source: author based Eurostat data on 2015

The global financial crisis led to a decline in the growth rate of real GDP, but Poland avoided recession. Thus, due to a constellation of favourable factors, such as sound fundamentals at the outset of the crisis, a well-capitalised and sound financial sector, the relatively low degree of openness of the economy, a sizeable depreciation of the Polish currency at an early stage of the crisis, the cushioning effect of real wage adjustment on employment and timely reactions from monetary and fiscal policies, Poland was able to resist the headwinds and was the only EU country to record positive growth in 2009 (European Commission, 2011). Real GDP has increased cumulatively by 19% since 2008, which is unparalleled in the EU. In 2014, economic activity recovered from a temporary slowdown in the two previous years, as domestic demand picked up again, replacing external trade as the main growth driver. The main deficit-reducing measures taken by the government in the last few years include changes to the pension system (higher retirement age, limits to early retirement, and limits to the role of the second pillar pension system), increases in indirect taxes and social contributions, a public wage and tax thresholds freeze, and limited growth in public investment (European Commission, 2015, p. 3). After several years of moderate increases, unemployment fell substantially from 10.3% in 2013 to 9.1% in 2014. This rate is the result of strong employment growth on the back of a robust rise of private investment (European Commission, 2015, p. 3).

To paint a general picture, in this paper has been introduced the Global Competitiveness Index (GCI) published by the World Economic Forum. From a dynamic view, Poland has got the following ranking and scores:

Chart no 1: GCI for Poland



Source: author based World Economic Forum Reports

Poland was the only EU member which avoid recession, in 2009, thanks to a combination of sound fundamentals and proactive counter-cyclical policies, and it recorded sound economic growth in 2010 and 2011, thanks to strong domestic consumption and a rebound in investment (largely driven by the absorption of EU funds). The literature (World Bank, 2013, p. 4) states that Poland's performance is commonly attributed to a series of factors, namely:

- the structure of the economy - diversified, well integrated in supply chains, closely linked to the German economy (making it possible for Poland's manufacturing to benefit from the German stimulus), and serving a relatively large domestic demand.
- strong macroeconomic fundamentals at the inception of the crisis, including limited macroeconomic imbalances and a healthy, tightly supervised financial sector (with a far less dramatic credit expansion in the pre-crisis years than in other Central European economies).
- a depreciation of the Polish zloty during the crisis, which boosted competitiveness on export markets;
- a proactive, counter-cyclical fiscal policy to mitigate the decline of demand (including through the use of large EU transfers).

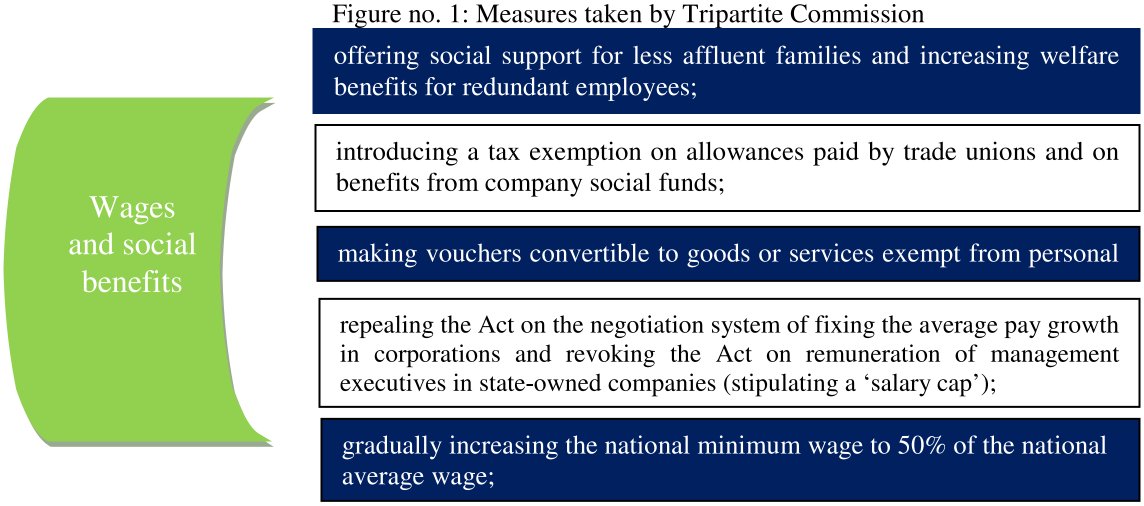
3.3. Polish anti-crisis measures

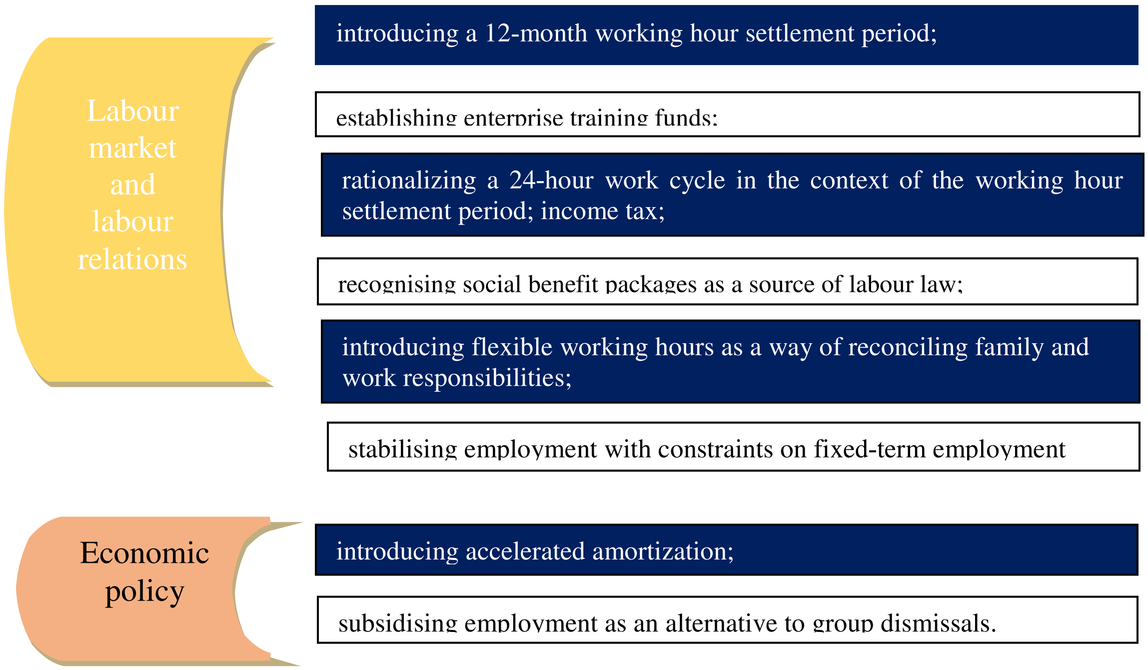
Poland was the only EU Member State that managed to avoid a recession during the crisis. When its economy started to experience the negative effects, the government introduced the Stabilization and Development Plan amounting to US$33.7 billion (91.3 billion zloty) (Reichardt 2011). An anti-crisis plan worth about 0.7 % of its GDP was implemented, including such measures as the co-financing of front-loaded investments related to EU funds (OECD 2010). The plan, called the "Stability and Development Plan - strengthening the Polish economy in the time of the world financial crisis" was presented by the Minister of Finance together with the Prime Minister on 30 November 2008. Some of the anti-crisis actions of this document are (Kryńska, 2009):

- increasing the credit availability to companies through higher credit limits and warranties;
- support for financial market institutions;
- strengthening the system of warranties for SMEs;
- accelerating investments co-financed from EU funds;
- introduction of higher investment relief for newly set-up companies;
- reducing barriers for investments in telecommunications infrastructure;
- enabling the inclusion of R&D expenditures to the cost of obtaining revenue;
- support for investments into renewable energy resources;
- strengthening the position of energy buyers, strengthening the competitiveness, strengthening
- the power of the regulatory institution in order to protect both the economy and households against an uncontrolled rise in energy prices;
- setting up the Social Solidarity Reserve.

Concurrently, the representatives of the government, trade unions and employers' organizations under the auspices of the Tripartite Commission at the Ministry of Labour and Social Policy are negotiating the so-called anti-crisis package, whose goal is to maintain employment level and provide support for those who have been made redundant. In March 2009, the actors announced that they had reached an agreement on a package of anti-crisis measures, which comprised the following 13 proposals (Czarzasty, 2009):

Figure no. 1: Measures taken by Tripartite Commission





Source: Czarzasty, 2009, available at [http://www.eurofound.europa.eu/observatories/…]

In addition, the National Bank of Poland (2009, p. 38 quoted by Reichard, 2011) complemented the Stability and Development Plan with anti-crisis measures such as: 1) mitigating economic downturn for workers and entrepreneurs, 2) providing assistance in the repayment of housing loans to people who lost their jobs, 3) support medium and large enterprises, implementing projects important for the Polish economy (with the use of loans and guarantees from the Industry Restructuring Agency).

Particularly, for public sector, literature (Reichard, 2011) outlines that in the context of the global financial crisis, Poland's response in the public sector revolves around five central themes:

- Inflation (including an analysis of raising the Value Added Tax by 1% in 2011);
- Fiscal policy and deficit spending;
- Public employment and pension reform;
- Reliance on EU funding to supplement budget cuts;
- Fiscal consolidation and public finance at the local level;

Recognizing the challenges of these measures and their impact on labour market, Poland adopted in 2010 the "Human Capital Development Strategy" as a part of the Plan of Re-arrangement of Development Strategy. The human capital strategy discusses the following new measures:

- replacing the existing early retirement schemes with 'bridge pensions';
- changing the pension system for uniformed services (the police, the armed forces and the prison service), in order to lengthen their service time. However, the National Reform Programme makes no reference to further changes to the pension system apart from a general statement to increase the effective retirement age by 2015.
- changes to the tax system, that entered into force in 2011, including introduction of VAT registers for lawyers and doctors,
- abolition of the tax exemptions for company cars
- moderate changes in tax administration (a shorter VAT refund period and electronic personal income tax (PIT) settlements introduced in 2009) (European Commission, 2011).

The reform plans of the government are confirmed in the National Reform Programme (NRP) and the Convergence Programme (CP) submitted, since 29 and 27 April 2011 to the Commission. In the critical situation, Polish economy demonstrated solid base, relatively high resistance to external imbalances, and confirmed its sustainable development. The National Reform Programmes (NRPs) constitute the basic instrument for the implementation at the EU Member State level of the Europe 2020 strategy adopted in 2010. The National Reform Programmes is updated each year, and is carried out under the European

Semester, along with the update of Stability and Convergence Programmes, which makes it possible to link the processes of structural reforms programming with budget planning.

Measures in the Polish economic policy framework are consistent with the priorities of the Europe 2020 strategy, reflected in the National Reform Programme for the implementation of the Europe „2020" strategy. At the same time, the NRP is a part of a broader initiative of the Polish Government aiming at the establishment of an effective system of national development policy making.

Poland has ensured that its National Reform Programme and Convergence Programme are consistent. These two documents outline, in an integrated manner, the fiscal consolidation efforts and key structural reforms and reforms underpinning macro-economic stabilisation. In this context, it is important to take into consideration that Poland joined the Euro Plus Pact, so when Polish' Government prepared the National reform Programme was necessary to keep in mind all four key targets of the Pact, namely: (a) foster competitiveness, (b) foster employment, (c) contribute further to the sustainability of public finances and (d) reinforce financial stability (NRP, 2011).

Reviewing these documents, it can be note that National Reform Programme from 2011 has been structured so as to correlate the Polish developmental targets with the priorities identified in the Europe 2020 Strategy (NRP, 2011), namely:

- Smart growth: developing an economy based on knowledge and innovation;
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy;
- Inclusive growth: fostering a high-employment economy ensuring economic, social and territorial cohesion

Moreover, having in mind the targets of Europe 2020 Strategy, the Polish government sets own targets. The link between European and domestic targets is reflected below:

Table no. 2: Link Europe 2020 Strategy and national targets adopted by Poland

Field	Europe 2020 Strategy targets	Polish government targets
Employment	75% of the 20-64 year-olds to be employed	71%
R&D	3% of the EU's GDP to be invested in R&D	1.7%
Climate change and energy sustainability	greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990	14%
	20% of energy from renewables	15%
	20% increase in energy efficiency	96.4%
Education	reducing the rates of early school leaving below 10%	4.5%
	at least 40% of 30-34–year-olds completing third level education	45%
Fighting poverty and social exclusion	at least 20 million fewer people in or at risk of poverty and social exclusion	1.5 million

Source: Europe 2020 Strategy and National Reform Programmes (NRP) in April 2015

In its attempts to stabilize its macroeconomic context and mitigate the effects of systemic risk, Poland set up several priorities, such as (1) catching-up and (2) building new competitive advantages of the Polish economy.

For a relevant analysis it is important to note that the Polish banking system did not undergo a crisis similar in scale to many other ECE countries, due to its tight lending standards and relatively low level of private debt. Therefore the government was not required to divert large sums of money to bail out its banking and financial sectors, meaning that the bulk of the increase in government spending has been allocated to the productive and social spheres (Rae, 2012, p. 3).

Since 2011, Commission has taken a decisive step to support each Member State in delivering growth and jobs, and dealing with the financial crisis, namely the publication of country-specific recommendations. The recommendations are based on a thorough assessment (Staff Working Papers) of every Member State's plans for sound public finances (Stability or Convergence Programmes, or SCPs) and policy measures to boost growth and jobs (National Reform Programmes, or NRPs).

In this context, looking to measures took by Polish' government under the Commission Recommendations it can be notice the following evolution:

Country-specific recommendations (CSRs) for Poland			
	commitments	summary assessment by EC	
2011	CSR 1: Implement the measures announced in the draft 2012 Budget Law and take additional measures of a permanent nature if needed to reduce the general government deficit to below 3% of GDP in 2012, in line with the Council recommendations under the EDP. While ensuring adequate progress towards the medium-term objective, minimize cuts in growth-enhancing expenditure in the future.	partially implemented	2012
	CSR 2: Enact legislation with a view to introducing a permanent expenditure rule by 2013. This rule should be based on sufficiently broad budgetary aggregates and should be consistent with the European system of accounts. Moreover, take measures to strengthen the mechanisms of coordination among the different levels of government in the medium-term and annual budgetary processes.	not implemented	
	CSR 3: Raise as planned the statutory retirement age for uniformed services, continue steps to increase the effective retirement age, such as linking it to life expectancy. Establish a timetable to further improve the rules for farmers' contributions to the social security fund (KRUS) to better reflect individual incomes.	partially implemented	
	CSR 4: Implement the proposed lifelong learning strategy, enhance apprenticeships and dedicated vocational training and education programmes for older workers and low-skilled workers. Strengthen links between science and industry by implementing the 'We build on Knowledge' programme. Implement the higher education reform programme 'Partnership for Knowledge' so as to better align educational provision with labour market needs.	partially implemented	
	CSR 5: Increase female labour market participation by taking measures to ensure stable funding for pre-school child-care arrangements, to increase enrolment rates of children under three years.	partially implemented	
	CSR 6: Take measures to improve incentives for investment in energy generation capacity with a view to encouraging low-carbon emitting technologies, and to further develop cross-border electricity grid interconnections; develop a multiannual plan for investment in railway infrastructure and implement the rail transport master plan.	partially implemented	
	CSR 7: Take steps to simplify legal procedures involved in enforcing contracts; revise construction and zoning legislation, with a view to streamlining appeal procedures and speeding up administrative procedures.	partially implemented	
2012	CSR 1: Ensure planned progress towards the correction of the excessive deficit. To this end, fully implement the budget for the year 2012 and achieve the structural adjustment effort specified in the Council recommendations under the EDP.	limited progress in the implementation	2013
	CSR 2: Speed up the reform of the fiscal framework by enacting legislation with a view to introducing a permanent expenditure rule by 2013.	limited progress in the implementation	
	CSR 3: To reduce youth unemployment, increase the availability of apprenticeships and work-based learning, improve the quality of vocational training and adopt the proposed lifelong learning strategy. Better match education outcomes with the needs of the labour market and improve the quality of teaching. To combat labour market segmentation and in-work poverty, limit excessive use of civil law contracts and extend the probationary period to permanent contracts.	some progress in the implementation	
	CSR 4: Reinforce efforts to increase the labour market participation of women and raise enrolment rates of children in both early childcare and pre-school education, by ensuring stable funding and investment in	some progress in the implementation	

	public infrastructure, the provision of qualified staff, and affordable access. Tackle entrenched practices of early retirement to increase exit ages from the labour market. Phase out the special pension scheme for miners with a view to integrating them into the general scheme. Take more ambitious, permanent steps to reform the KRUS to better reflect individual incomes.		
	CSR 5: Take additional measures to ensure an innovation-friendly business environment, by ensuring better links between research, innovation and industry, and by establishing common priority areas and instruments supporting the whole innovation cycle; improve access to finance for research and innovation activities through guarantees and bridge financing.	limited progress in the implementation	
	CSR 6: Intensify efforts to improve incentives for investment in electricity generation capacity and energy efficiency in the whole energy chain, and strengthen competition in the gas sector by phasing out regulated prices. Strengthen the role and resources of the railway market regulator and ensure effective and swift implementation of railway investment projects Reduce restrictions on professional services and simplify contract enforcement and requirement for construction permits.	some progress in the implementation	
2013	CSR 1: Reinforce and implement the budgetary strategy for the year 2013 and beyond, supported by sufficiently specified measures for both 2013 and 2014, to ensure a timely correction of the excessive deficit by 2014 in a sustainable manner and the achievement of the fiscal effort specified in the Council recommendations under the EDP.	some progress in addressing CSR	2014
	CSR 2: Ensure the enactment of a permanent expenditure rule in 2013 consistent with the rules of the European System of Accounts. Take measures to strengthen annual and medium-term budgetary coordination mechanisms among different levels of government.	substantial progress in addressing CSR	
	CSR 3: Strengthen efforts to reduce youth unemployment, for example through a Youth Guarantee, increase the availability of apprenticeships and work-based learning, strengthen cooperation between schools and employers and improve the quality of teaching. Adopt the proposed life-long learning strategy. Combat in-work poverty and labour market segmentation through better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.	some progress in addressing CSR	
	CSR 4: Continue efforts to increase female labour market participation, in particular by investing in affordable quality childcare and pre-school education, by ensuring stable funding and qualified staff. With a view to improving sectorial labour mobility, take permanent steps to reform the farmers' social security scheme KRUS. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform with measures promoting the employability of older workers to raise exit ages from the labour market.	some progress in addressing CSR	
	CSR 5: Take additional measures to ensure an innovation-friendly business environment by strengthening the links between research, innovation and industrial policy, by further developing revolving instruments and tax incentives, and by better targeting existing instruments to the different stages of the innovation cycle.	limited progress in addressing CSR	
	CSR 6: Renew and extend energy generation capacity and improve efficiency in the whole energy chain; speed up and extend the development of the electricity grid, including cross-border interconnections, and eliminate obstacles in electricity cross border exchange; reinforce competition in the gas sector by phasing out regulated prices; strengthen the role and resources of the railway market	limited progress in addressing CSR	

	regulator and ensure effective implementation of railway investment projects without further delay; accelerate efforts to increase broadband coverage, and improve waste and water management.		
	CSR 7: Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits and by reducing tax compliance costs. Adopt and implement the planned liberalisation of access to professional services.	some progress in addressing CSR	
2014	CSR1: Reinforce the budgetary strategy to ensure the correction of the excessive deficit in a sustainable manner by 2015 through achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. After the correction of the excessive deficit and until the medium-term objective is achieved, pursue an annual structural adjustment of 0.5 % of GDP as a benchmark.	limited progress in addressing CSR	2015
	CSR2: Strengthen efforts to reduce youth unemployment, in particular by further improving the relevance of education to labour market needs, increasing the availability of apprenticeships and work-based learning places and by strengthening outreach to unregistered youth and the cooperation between schools and employers, in line with the objectives of a youth guarantee. Increase adult participation in lifelong learning in order to adjust skills supply to skills demand. Combat labour market segmentation by stepping up efforts to ensure a better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.	some progress in addressing CSR	
	CSR3: Continue efforts to increase female labour market participation, in particular by taking further steps to increase the availability of affordable quality childcare and pre-school education and ensuring stable funding. Include farmers in the general pension system, starting by speeding up the creation of the system for the assessment and recording of farmers' incomes.	limited progress in addressing CSR	
	CSR4: Improve the effectiveness of tax incentives in promoting R&D in the private sector as part of the efforts to strengthen the links between research, innovation and industrial policy, and better target existing instruments at the different stages of the innovation cycle.	limited progress in addressing CSR	
	CSR5: Renew and extend energy generation capacity and improve efficiency in the whole energy chain. Speed up and extend the development of the electricity grid, including cross-border interconnections to neighbouring Member States, and develop the gas interconnector with Lithuania. Ensure effective implementation of railway investment projects without further delay and improve the administrative capacity in this sector. Accelerate efforts to increase fixed broadband coverage. Improve waste management.	some progress in addressing CSR	
	CSR6: Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits. Step up efforts to reduce costs and time spent on tax compliance by businesses. Complete the ongoing reform aimed at facilitating access to regulated professions.	some progress in addressing CSR	

Source: author based on Commission Staff Working Papers 2011-2015

The country-specific recommendations made by Commission to Poland have the main goal to help Poland to improve its economic performance. Four main areas are the subject of these recommendations: public finances; pensions and taxation; labour market; investment in rail.

Short Conclusions

If we agree Stiglitz' assertion that "the current crisis may be considered a manifestation of the impact of real and financial externalities", then we can considered that, in a global crisis, a main challenge will be to align solutions tailored to the various national financial systems with a global regulatory framework that prevents regulatory arbitrage. Poland has so far been a relative economic success story in Europe. This is an example of how an increase in government spending and public investment can help stave off a recession and maintain economic growth (Rae, 2012). But, as many other countries, in response to the financial crisis, the Polish government adopted a number of measures to ensure the stability of the financial sector. For example, in 2009, the guarantees for bank deposits have been significantly increased, with € 50 000 as a new threshold.

Summing up, Poland's response to the crisis can be viewed through the lens of five dominant themes: inflation; fiscal policy and deficit spending; public employment and pension reform; reliance on EU funding to supplement budget cuts; and fiscal consolidation and public finance at the local level (Reichardt, 2011). The global financial crisis demonstrated the fragility of the widely accepted faith in prevailing corporate governance ideas and the adequacy of legal mechanisms that were available to buttress these ideas (Sun, Stewart, Pollard, 2011, p. 50). Many scholars, policy analysts and corporate practitioners have linked the severity and increasingly circular nature of the financial and economic crisis to corporate governance failures, whether systemic, functional or technical.

The analysis emphasized the fact that although policies must be making at the national level, greater international cooperation is needed to avoid exacerbating cross-border strains.

To see the Poland's current stage of development, the analysis takes into account the Global Competitiveness Index and its pillars. In this sense, we notice:

Year	Subindex	Pillars	On pillars		Overall	
			Rank	Score	Rank	Score
2008-2009	Basic requirements	Institutions	88	3.63	53	4.28
		Infrastructure	96	2.77		
		Macroeconomic stability	50	5.25		
		Health and primary education	39	5.90		
	Efficiency enhancers	Higher education and training	34	4.64		
		Goods market efficiency	65	4.22		
		Labour market efficiency	62	4.40		
		Financial market sophistication	68	4.28		
		Technological readiness	46	3.79		
		Market size	20	5.00		
	Innovation factors	Business sophistication	62	4.23		
		Innovation	64	3.17		
2009-2010	Basic requirements	Institutions	66	3.90	46	4.33
		Infrastructure	103	2.88		
		Macroeconomic stability	74	4.56		
		Health and primary education	65	5.88		
	Efficiency enhancers	Higher education and training	27	4.82		
		Goods market efficiency	53	4.34		
		Labour market efficiency	50	4.54		
		Financial market sophistication	44	4.61		
		Technological readiness	48	3.97		
		Market size	20	5.07		
	Innovation factors	Business sophistication	44	4.35		
		Innovation	52	3.33		
2010-2011	Basic requirements	Institutions	54	4.18	39	4.51
		Infrastructure	72	3.76		
		Macroeconomic stability	61	4.70		
		Health and primary education	39	6.13		
	Efficiency enhancers	Higher education and training	26	5.00		
		Goods market efficiency	45	4.38		

		Labour market efficiency	53	4.58		
		Financial market sophistication	32	4.66		
		Technological readiness	47	4.02		
		Market size	21	5.08		
	Innovation factors	Business sophistication	50	4.20		
		Innovation	54	3.31		
2011-2012	Basic requirements	Institutions	52	4.17	41	4.46
		Infrastructure	74	3.87		
		Macroeconomic stability	74	4.71		
		Health and primary education	40	6.06		
	Efficiency enhancers	Higher education and training	31	4.95		
		Goods market efficiency	52	4.36		
		Labour market efficiency	58	4.48		
		Financial market sophistication	34	4.60		
		Technological readiness	48	4.18		
		Market size	20	5.08		
	Innovation factors	Business sophistication	60	4.06		
		Innovation	58	3.23		
2012-2013	Basic requirements	Institutions	55	4.11	41	4.46
		Infrastructure	73	3.89		
		Macroeconomic stability	72	4.60		
		Health and primary education	43	6.03		
	Efficiency enhancers	Higher education and training	36	4.92		
		Goods market efficiency	51	4.39		
		Labour market efficiency	57	4.48		
		Financial market sophistication	37	4.59		
		Technological readiness	42	4.66		
		Market size	19	5.12		
	Innovation factors	Business sophistication	60	4.06		
		Innovation	63	3.25		
2013-2014	Basic requirements	Institutions	62	4.01	42	4.46
		Infrastructure	74	3.96		
		Macroeconomic stability	65	4.88		
		Health and primary education	42	6.03		
	Efficiency enhancers	Higher education and training	37	4.88		
		Goods market efficiency	57	4.34		
		Labour market efficiency	80	4.20		
		Financial market sophistication	38	4.54		
		Technological readiness	43	4.47		
		Market size	20	5.14		
	Innovation factors	Business sophistication	65	4.06		
		Innovation	65	3.24		
2014-2015	Basic requirements	Institutions	56	4.02	43	4.48
		Infrastructure	63	4.24		
		Macroeconomic stability	63	4.77		
		Health and primary education	39	6.17		
	Efficiency enhancers	Higher education and training	34	5.04		
		Goods market efficiency	51	4.49		
		Labour market efficiency	79	4.14		
		Financial market sophistication	35	4.60		
		Technological readiness	48	4.47		
		Market size	19	5.12		
	Innovation factors	Business sophistication	63	4.06		
		Innovation	72	3.26		

Source: the author based on WEF Reports 2008-2014

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