

GRAYLING

Political situation in Poland

Is Jarosław Kaczyński's Law and Justice like
Viktor Orbán's Fidesz?

Victory of Law and Justice: how did it happen?

- Mostly because of left wing parties. Polish neo-marxist Razem (Together) party took votes from United Left coalition. Both did not pass the electoral threshold
- Right-wing, liberal populist Korwin party barely missed the 5 percent threshold
- In effect around 16 percent of votes were lost. Law and Justice gained absolute majority with barely 38 percent of votes

What are they saying about us?

- "The cosy relationship between Poland and the rest of Europe is in danger. Increasingly, the poster child for European integration seems more like a moody teenager", The Economist, *The return of the awkward squad*.
- "Kaczynski, like Hungary's Viktor Orban, is the product of an ugly pre-World War II populism, frozen and preserved through the communist era, that mixes xenophobia, anti-Semitism, right-wing Catholicism and autocratic impulses", Jackson Diehl, *Poland's disturbing tilt to the right*, Washington Post.
- "(...) PiS's incompetent term in government in 2005-7", The Economist, *The return of the awkward squad*.
- Conclusion: journalists tend to oversimplify complex issues and are biased.

Thought experiment

- Is a different story about Poland and Kaczyński's Law and Justice possible?
- Yes, it clearly is!
- Just for the sake of argument let's tell a story that is different from what we read in international media
- I will sketch main directions in key sectors of economy: energy, finance, healthcare and defence
- At the end I will try to draw unbiased conclusions
- Then I will be glad to answer your questions

Philosophy of Law and Justice

- Escape from the middle income trap
- Gather national capital
- Support for Polish SME's
- Create national champions
- "Give back the state to its citizens" e.g. reform of the justice system
- Support middle class and demographic growth through child benefits
- Combat inequalities

New ministries and its tasks

- Ministry of Energy
- Ministry of Development
- Ministry of Digitalization
- Ministry of Maritime and Inland Waterways
- In the near future a governmental agenda to deal with EU relations
- Ministry of Treasury will be liquidated: its competences will be split between the Ministry of Energy and Ministry of Development

Energy sector

- 25 billion euro to be spent until 2020
- Full autarky of the energy sector
- Vertical consolidation of the mining and electric sector: currently the Ministry of Defence will pay for the coal to secure liquidity of mining companies
- Opposition to EU decarbonization: EU Climate Policy renegotiation or derogation: no discrimination of clean coal technologies
- Renewable energy targets should be achieved at the lowest price
- Nuclear programme likely to be revised
- New LNG terminal to be built near Gdańsk
- Baltic Pipe - gas pipeline from Norway to be built

Financial sector

- Banking tax
- No additional tax on transactions
- Bill on CHF mortgage loans to be postponed
- Higher budget deficit
- Introduction of Long Term Refinancing Operation (cheap loans for Polish SME's, using Central Bank funds)
- Tax free amount to be raised twofold
- Repolonization of banks

Healthare sector

- Centralised National Healthcare Fund to be liquidated
- Return to the decentralised health insurance system
- Changes in the drug reimbursement system: seniors over 75 y/o old to receive free drugs
- New opening for E-Health system
- No reimbursement for in vitro procedure

Defence sector

- „Tender for Patriot missile defence system virtually does not exist”, Antoni Macierewicz – Defence Minister;
- Caracal helicopters tender will be audited and is likely to be cancelled
- Audit of the army including crucial tenders
- Upcoming tenders for combat helicopters, drones, navy vessels, submarines, missile defense systems and other equipment
- NATO Summit in Warsaw in July 2016
- Strengthening of NATO eastern flank through constant presence of NATO heavy units

Other relevant issues

- Support for SME's: CIT for small companies lowered to 15 percent
- Double tax break for companies, which invest in the development in Poland
- Ministry of Digitalization will gather all digital competences in one hand
- Public tenders to be managed at the central level by the Prime Minister's Office
- Centralised messaging - coordinated by the Prime Minister's Office
- Reform of the public education system
- Child benefits for families with at least 2 children (125 euro)
- Lowering of the pension age (raised by Civic Platform)

EU relations

- More decisive stance at the EU level
- "Cherry-picking" of EU policies
- Strong opposition to migrant quotas
- No fast entry to the Eurozone
- Strong opposition to the Nord Stream project
- Opt-out from the EU climate policy
- General tendency to oppose EU fragmentation to various levels of integration
- Opposition to stronger integration: the concept of Europe of Nations

Relations with Ukraine and Russia

- Ukraine to be gradually transformed into a strategic partner
- Possible energy cooperation with Ukraine
- Civilization conflict with Russia: Polish mission of bringing stability to our Eastern neighbours and Russia's mission of gathering „the land of Rus”
- Relations with Russia marked by the Smolensk tragedy
- Conflict over Soviet symbols in Poland – important for the Russian identity
- Strong opposition to lowering sanctions towards Russia
- Opposition to Russian plans to expand its gas and oil transport infrastructure to Europe
- Poland is not anti-Russian. It is Russo-realist (most of Russian recent actions as described in official Kremlin documents, strategies etc.)

Current political situation

- Constitutional court crisis
- New rules of procedure in Sejm: subject to sharp criticism from the opposition
- "Carousel" in state owned companies and agendas
- Bad style of the new government
- Prime Minister seems to be absent
- No clear idea on how to exactly conduct reforms

So is Poland like Hungary?

- No, we are not, because:
 - We have a different potential in terms of population, economy and ultimately power
 - Huge and long term investments in strategic sectors will attract foreign companies, even if the terms will be not so good as they were before
 - It all means that Poland cannot be neglected. There is so much money to spend, that if someone leaves our market, then others will appear

Summary

"Poles want a government driven by Poland's national interest, not a supranational project designed in Paris, Berlin and Brussels. (...) The EU establishment should listen to the Poles". The Telegraph, *The EU elite should listen to Poland*.

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Thank you!

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