

The real reasons to attack the Polish government

From the very beginning, i.e. since the double victory of the Law and Justice party (PiS) in the presidential and parliamentary elections in 2015, the new Polish authorities have been under fire – attacked by many media, politicians and institutions both in Poland and abroad. The official reasons for this massive criticism, and sometimes even condemnation, include an alleged “threat to democracy” in Poland, “abandoning common European principles and values” by the new Polish government, etc. This rhetoric – used by national and foreign media – sounds good, but it has nothing to do with reality. The real reasons of those aggressive attacks on the Polish government are completely different – much more prosaic and mundane.

Unjustified criticism

The flagship “proof” of a threat to democracy and to the rule of law in Poland was the crisis around the Constitutional Tribunal, lasting throughout the past year (until the expiry of Chairman Rzepliński’s term of office in mid-December 2016). Responsibility for the crisis was assigned to the new Polish authorities (PiS), although in fact it had been triggered by illegal actions taken by the previous government (PO-PSL) before the 2015 elections. Moreover, critics of the new Polish government – including the EU institutions – did not pay attention to numerous (sometimes ostentatious) violations of law and the Constitution by Chairman Rzepliński, as well as his lack of political impartiality. At the same time, they called on the Polish authorities to take illegal actions, e.g. publication of the Tribunal’s judgements taken unlawfully.

Another “proof” was an alleged “threat to media freedom” – a catchy slogan but totally false, keeping in mind that there is currently much more media pluralism in Poland than in the past. Currently, there are both pro-government and anti-government media, while under the PO-PSL government virtually all public and private media (generously supplied with public funds by the ruling PO-PSL coalition) presented only one point of view (of course, favourable to the ruling coalition). Critics accuse the PiS government of taking control of the public media after the 2015 elections, but they do not mention that the PO-PSL coalition seized full control of the public media in 2010-2015, and that similar practices as regards public media take place in other EU countries too.

Moreover, the Polish authorities’ views on the migration crisis was a “proof” of their alleged abandoning common European principles and values, such as solidarity or helping people in need. Critics called the new Polish authorities “nationalist” and “xenophobic”, but they did not mention about Poland’s openness to hundreds of thousands of Ukrainian immigrants. Also, they did not inform the public opinion that the main reason behind the Polish authorities’ opposition to the “open door” policy, i.e. uncontrolled influx of hundreds of thousands of people (mostly unidentified) into the EU, was their concern about the safety of EU citizens. The bloody terrorist attacks in France, Belgium and Germany were tragic confirmation of those concerns. Criticizing the Polish authorities for their opposition to the “refugee relocation mechanism” was also quite ridiculous since the mechanism stipulated that the immigrants would be forcibly (even against their will) directed to designated EU countries, which would be in clear contradiction to the EU principles (such as free movement of persons, freedom of establishment and work, etc).

If the above criticism is unjustified, and the Polish authorities are constantly under attack at home and abroad, it is worth considering what is the true motivation of those who attack.

Reason 1 – Lost power and privileges

Politicians of the former ruling coalition (PO-PSL) – notably, those from Civic Platform (PO) – do not want to accept the 2015 election results since the election defeat and losing power means for them losing



numerous benefits that they enjoyed during the past 8 years (2007-2015). Examples include: well-paid positions in state-owned companies, state agencies and institutions, grants from the state budget, public procurements, high pensions, etc. Not only politicians of the PO-PSL coalition enjoyed those privileges, but the entire oligarchic system of political-business-media connections that was developed at that time.

PO politicians use all available means (friendly media at home and abroad, domestic and foreign institutions, street demonstrations, etc) to constantly attack the government and the ruling party. Their actions are aimed at creating a false image of Poland and manipulating the public opinion at home and abroad by making people believe that something worrying is happening in Poland, and that the new authorities are not capable to rule the country, so they should be removed from power. In fact, this is to overthrow the democratically elected government, and regain power and privileges by the opposition – without waiting for the next elections (notably that the ruling party is quite popular due to the government’s social reforms).

Reason 2 – Fear of being judged and sentenced

The former ruling coalition is afraid that their activities during the 8-year ruling (financial scandals, corruption, nepotism, etc) will be investigated by the new government, known for its strong anti-corruption policy (in 2006, the previous PiS government set up the Central Anti-Corruption Bureau - CBA). Numerous scandals took place under the PO-PSL government, e.g. gambling scandal, motorway scandal, shipyard scandal, stadium scandal, tape scandal, Elewarr scandal, Amber Gold scandal, Warsaw reprivatization scandal, etc.

In November 2015, the CBA arrested a prominent PSL politician (former Member of Parliament and deputy minister in Donald Tusk’s government), and in November 2016 – a former PO Senator and MEP. Both suspected of corruption. Another former PO politician (President of the Supreme Audit Office (NIK) since 2013) is also under prosecutor’s charges; the Parliament waived his immunity in October 2016. In September 2016, a parliamentary investigative committee launched its work to explain the Amber Gold scandal (financial pyramid) and its possible connections with some former ruling politicians (former Prime Minister Donald Tusk, and some ministers of his former government, are to testify before the committee). In 2016, the CBA, prosecutor’s office, and Justice Minister started to scrutinize so-called “wild reprivatization” in Warsaw, i.e. illegal returning of property confiscated under communist rule or paying multi-million compensations (as high as PLN 38 million). The fraud used to be carried out by a network of lawyers, judges, and officials of the Warsaw City Hall managed for 10 years by Hanna Gronkiewicz-Waltz, Mayor of Warsaw and PO Vice-Chairman. In October 2016 and in January 2017, the CBA arrested some people (lawyer, former officials) involved in the reprivatization scandal, and there are over 100 criminal procedures on this run by the prosecutor’s office. These are just a few examples. Over time, more similar cases will probably emerge.

Reason 3 – Affecting powerful interests and businesses

A feature of the PO-PSL ruling coalition was their tacit consent for conducting fraudulent businesses and tax frauds on a massive scale (tax evasion, VAT refund extortion, etc). It resulted in enormous losses for the state budget (in recent years, the CIT shortfall was about PLN 40 billion per year, and the VAT shortfall some PLN 40-55 billion per year). In 2007, the so-called VAT gap stood at 0,6% of GDP; in 2015, it amounted to 2,8% of GDP. Those multi-billion losses of the state budget were at the same time gains of people and companies involved in the above fraudulent businesses. The current government took steps to seal the tax system, which means huge (multi-billion) losses for many entities – both domestic and foreign ones.

New sectoral taxes (banking tax and sales tax) were aimed at obtaining additional funds by the government from some sectors that – despite generating substantial profits – paid very low taxes or avoided taxation through creative accounting and transferred profits abroad under the PO-PSL government. The above taxes affect financial interests of both sectors dominated by foreign capital. In the banking sector, until recently,



over 60% of assets were owned by foreign capital (recently, after buying Pekao SA by PZU SA, the share fell below 50%). Also, most hypermarkets in Poland are foreign-owned. Banking profits may also be reduced due to the planned solution of the problem of toxic financial products (mortgage loans in CHF). The European Commission ordered suspending the sales tax, although similar taxes exist in other EU countries. The Polish government has appealed to the EU Court of Justice over the Commission's decision.

Government reforms also apply to other areas, such as justice (reform of the prosecution and the judiciary) and local governments (limiting the number of terms served by local leaders). Those reforms are and will be opposed by strong and well-organized interest groups (lawyers, judges, local authorities) despite the fact that for years there have been many serious pathologies in both areas (tardiness, absurd judgments, lawlessness, impunity, corruption, nepotism, etc). The resistance also stems from the fact that currently the PO-PSL coalition rule in 15 out of 16 regional assemblies, PO and PSL have many city and town mayors etc.

Reason 4 – Ideological differences

Law and Justice (PiS) is a conservative party that may be classified in a broader sense as part of Christian democracy. In the European Parliament, however, their MEPs belong to the European Conservatives and Reformists (ECR) rather than to the Christian Democrats, i.e. the European People's Party (EPP). The EU institutions are dominated by the two largest political groups in Europe, i.e. the Christian Democrats and the Socialists, who support other political parties in Poland, i.e. PO, PSL and SLD (and also Modern and KOD that are ideologically close to PO, but – in contrast to it – not discredited as ruling politicians). The Christian Democrats and the Socialists are heads of the European Commission, the European Parliament, and the European Council. They rule the biggest EU countries too (Germany and France). Also in the US, until end-2016, the liberal-left political camp reluctant to PiS (President Obama/Democratic Party) ruled the country.

PiS views on European integration differ from those of the liberal-left EU elites. The party rejects “political correctness” that is predominant in the EU (e.g. on the migration crisis). It is also quite critical on the EU institutions, but – contrary to media opinions – rather Eurorealistic than Eurosceptic, i.e. believing that EU membership is beneficial for Poland, but the EU needs a repair. PiS is opposed to Poland's membership in the euro area that has been facing a series of crises. It is also against too far-reaching European integration (“European superstate”) and in favour of a stronger role of national states in the EU (“Europe of homelands”). In contrast to the PO-PSL government that pursued a submissive policy towards the strongest EU countries (notably, Germany), the PiS government tries to pursue a foreign policy based on partnership.

What's next?

The past year began with the January debates of the European Commission and the European Parliament on the situation in Poland, and ended up with a desperate attempt to destabilize the country by the domestic opposition in December. At the same time, the past year confirmed the Polish government's immunity to those aggressive and massive attacks.

The above real reasons to attack the Polish government will also be valid this year and in subsequent years. Therefore, keeping in mind the internal reasons (no. 1 and 2), one should expect in 2017 further anti-government actions of the radical opposition (PO, Modern, KOD), even if their credibility greatly diminished after a series of self-discrediting events in December 2016 and January 2017. It is difficult to say whether the future anti-government actions of the opposition will be even more radical and irresponsible than today, or perhaps weaker, e.g. due to internal conflicts and competition within the radical opposition, no support from the moderate opposition (Kukiz'15 and PSL), or declining support from the EU institutions. Perhaps – although, judging on the past year, it is rather difficult to count on it – the radical opposition will



eventually come to the conclusion that doing harm to their own country by destroying its reputation and image in the world is too high a price for protecting financial interests of a relatively small group of people.

As regards the other reasons (notably, no. 3), one could expect some evolution in 2017 and in subsequent years. It seems likely that foreign investors – aware of robust and stable foundations of the Polish economy as well as the potential of a nearly 40-million market – will be interested in investing in Poland, even if it means accepting new rules of doing business (more honest than before) as well as smaller than before (but still satisfactory) profits. Also, credit rating agencies – if they do not want to harm their own reputation and credibility – should assess Poland on the basis of its economic and financial situation (as in December 2016 and January 2017) rather than for political reasons (as in January 2016).

The last reason (no. 4) will be less valid in relations with the new conservative US authorities. Ideological differences remain unchanged in relations with the liberal-left EU institutions, but perhaps those relations will be more constructive after electing new heads of the European Parliament and the European Council in 2017. The attitude of the EU institutions to Poland may also be affected by the results of parliamentary/presidential elections in the Netherlands, France and Germany in spring and autumn 2017.

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