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Poland After the 2019 Parliamentary Elections

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The campaign and the results

Poland has a mixed electoral system with parliamentary elections announced by the President every four years, and presidential elections conducted every five years. The 460 seats in the Lower House (the Sejm) are allocated using the D'Hondt method (reinforcing majority) from multiple-candidate party lists, with a 5% threshold for single parties and 8% threshold for coalitions (the requirements waived for national minorities). The 100-strong Senate is elected using first-past-the-post voting in single-member districts. Election campaign laws are vague, and they do not restrict early electioneering.

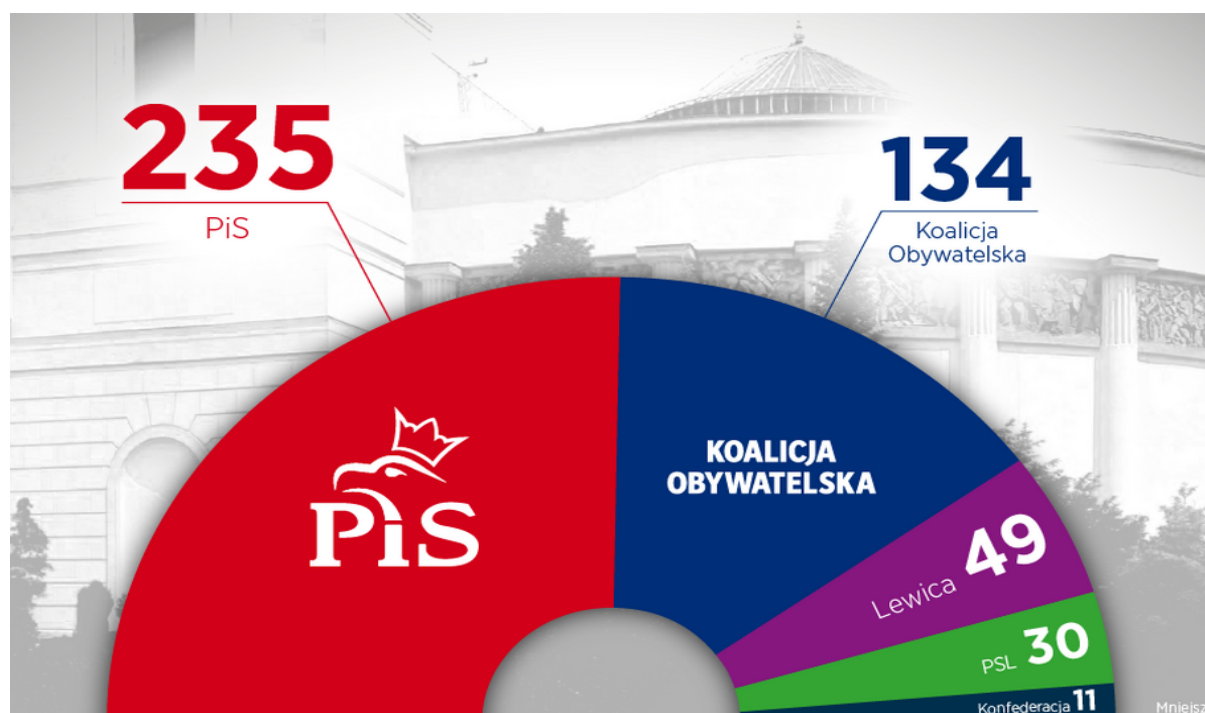
PiS (Law and Justice) leaders started the 2019 campaign early and conducted it in a disciplined manner by promoting the party Chairman Jaroslaw Kaczyński's five key welfare promises (K5), as well as opposing – with the support of the Catholic Church – the “cultural liberalisation” (e.g., the LGBT rights). PiS extended its flagship payment of “**500+**” (500 zloty or \$127) per month per child to **all** children, introduced a one-off (13th) monthly **pension bonus** to retirees, abolished **income tax** for workers up to the age of 26 and, from October 1st, lowered the personal **income-tax rate** from 18% to 17%.

Kaczyński also promised further wage increases (in addition to the hefty 7.7% increase in the last 12 months) and a further (14th) pension bonuses from 2021.

The fractured opposition – KO (the Civic Coalition), the Left (the SLD-led Coalition), and the conservative/country PSL (People's Party) allied with the erratic Kukiz 15' movement – was not only internally divided, but also late and less focused in its campaign. The opposition leaders stressed the issues of legalism, constitutionalism, civil (including women's) rights, corruption scandals and administrative incompetence. They also tried – to various degree – to match the K5 promises. Such campaign issues reverberated mainly among highly educated urban voters. They attracted less attention from average voters who were less educated, less informed and less interested in politics.

Predictably, the October 13 elections was won by PiS closely allied (with single candidates lists) with two smaller centre-right partners: Jaroslaw Gowin's *Poland Together* and Zbigniew Ziobro's *Solidary Poland*. With the near record turnout of 62%¹ PiS secured 44% popular votes – c.6% more than in the 2015 elections – winning a majority of seats (235 out of 460) in the Lower House (Sejm), but losing the majority in the Senate (48 seats out of 100). The voting results for the political groups that negotiated the 5% threshold were as follows:

	% of votes	Sejm seats	Senate seats
PiS (Law and Justice) –	44%	235 (51%)	48
KO (Civic Coalition) –	27%	134 (29%)	43
The Left (SLD, Together, Spring)	13%	49 (11%)	3
PSL & Kukiz'15 <i>the Polish Coalition</i>	9%	30 (7%)	2
<i>Konfederacja</i> (KORWiN)	7%	11 (2%)	
(German minority)		1	
(Independents in the Senate)			4
Total	100	460 (100%)	100

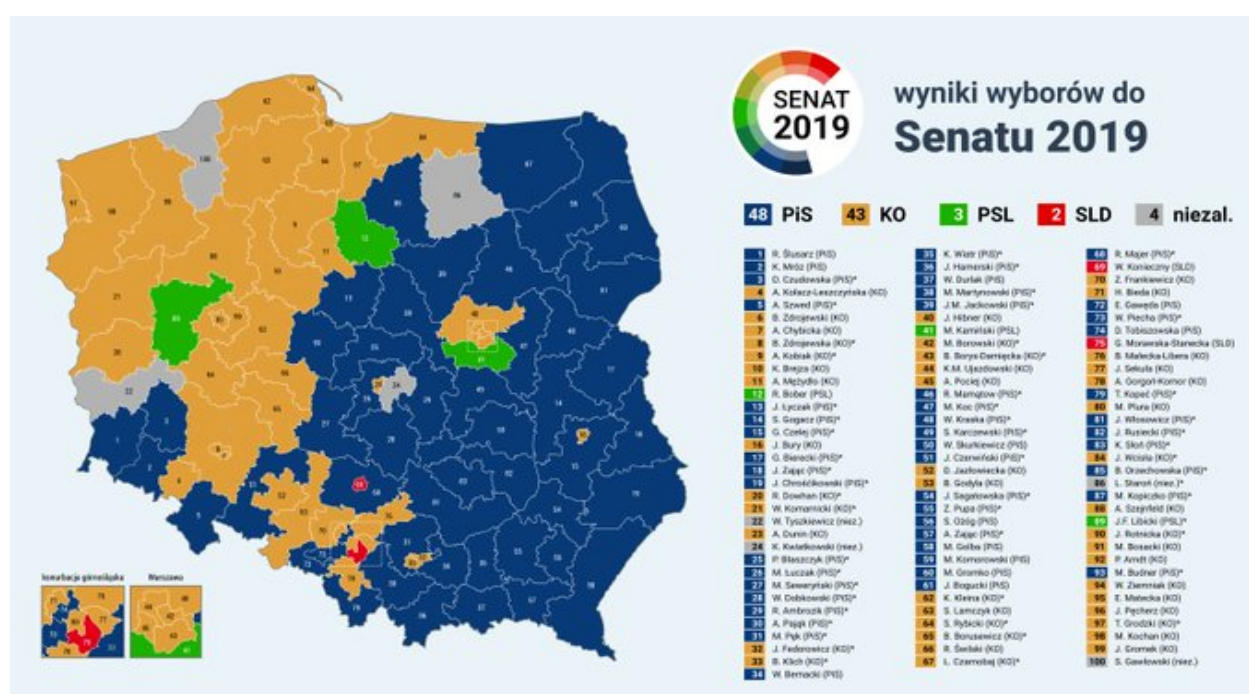


¹ About 18.5 million valid votes were cast and only 1% of votes were declared invalid. The highest proportion of voters was among the people in their 40s (76%) and 60s (66%); the least likely to vote were those below 30 (47%).

Thanks to capturing 51% of the Lower House seats, PiS can form a government without any partners, but it does not have a majority (276) allowing to reject a presidential veto or change the constitution. Moreover, PiS does not control the Senate, but it may “capture” some senators later. It can also pass legislation in spite of the Senate opposition because the Polish Senate can only delay, but not stop, the legislation supported by the Sejm and signed by the President.

As the Senate voting map below shows, the overall geographic distribution of votes, as well as the social profiles of voters, were similar to those in previous (2015) parliamentary elections:

- the less developed south-east regions of Poland voted for PiS; the north-eastern regions for the opposition (KO the Left and the Independents);
- women were more likely than man vote for KO, and less likely than men vote for the far-right *Konfederacja*;
- PiS was the preferred party among the oldest and least educated voters (64%). Among those with tertiary education, the preferred parties were KO (37%) and the SLD (16%), especially in the biggest cities.
- The most loyal were PiS voters – 90% voted for this party also in previous (2015) parliamentary elections and 80% voted for Andrzej Duda in the 2015 presidential poll – thus confirming the formation of PiS’s “iron electorate” and crushing a myth of President Duda’s partisan neutrality. KO attracted only 69% of its 2015 voters, as well as 53% of the now extinct *Nowoczesna* voters.



As confirmed by IPSOS poll, the electorate of the victorious PiS has not changed in its social characteristics since 2015 elections. The party was preferred choice of voters:

- with primary and vocational education (64%);
- who were unemployed (60%);
- older people over 60 years old (55%) and pensioners (65%)
- village dwellers (56%) and people living in small towns (<300.000).

Slightly surprising result may be predominance of tertiary educated persons not only among the supporters of the centrist oppositional KO (52%) – that has traditionally been the party of urban intelligentsia – but also among the leftist SLD (50%), “country/rural” PSL (39%) and far-right *Konfederacja* (44%). Equally surprising may be a disproportionately frequent (39%) vote for the oppositional KO by Polish businesspeople and entrepreneurs. Perhaps less surprisingly, preferences for the mainstream PiS (26%) and KO (24%) were similar as for the far-right *Konfederacja* (20%) among the youngest voters (18-29) – a sign of considerable political alienation of the young generation.²

The record number of individual votes, over 400,000, was secured by KO’s new candidate for PM, Malgorzata Kidawa-Blońska. By contrast, the KO leader, Grzegorz Schetyna, was among the least voted-for leaders (he attracted only c. 20,000 votes, less than his local PiS rival).

Interestingly, all political leaders seem to have been happy with the election results. Grzegorz Schetyna thanked all voters for the stronger than expected support in the Senate. He also promised that “there will be no Budapest in Warsaw”. Jaroslaw Kaczyński announced triumphantly – and ominously:

“In the past, no political group [competing in parliamentary elections – JP] had not reached such a high percentage of popular votes, and such a high number of votes. We think that we obtained legitimation for the continuation of our good change, for the continuation of our policies, for changing Poland further.”

Reactions of the Western press

Most of the post-election commentaries by the Western press were predictably critical (see Guz 2019):

The Washington Post criticised Kaczyński, described as “the leader of Polish populists”, for violating the Polish constitution, undermining the independence of the judiciary and weakening the rule of law. “After 25 years of building democracy Poland – under the rule of the Law and Justice party, has turned towards authoritarianism.” “Poland is governed by an authoritarian-minded right-wing government closely aligned with a reactionary Catholic

² It is worth stressing, again, that the extremist *Konfederacja* was chosen by 20% of the youngest voters, compared with less than 7% of all voters.

Church... Though these political movements are sometimes lumped in with the modern-day populists of Western Europe, they are, in key respects, more like their 20th-century predecessors. They are authoritarian and socially reactionary – anti-LGBTQ rhetoric is a favourite theme of Poland’s ruling party.”

The *New York Times* emphasised the unique features of victorious PiS populism: “Outside Poland, Law and Justice has earned harsh criticism for asserting control over the judiciary in ways some fellow European Union members say is anti-democratic, and for its antipathy toward immigration and environmental policies to combat climate change. But within Poland, the party has succeeded not merely by playing to the conservatism of its rural and small-town base, but also by attempting to redistribute wealth, so far without the budget-busting giveaways that often accompany populism.” “Poland once pointed the way, like a torch-carrying country, wishing to free itself from the influence of the Soviet Union and join the ranks of Western democracies. Now it falls in the same league as some of the neighbouring countries, including Hungary, whose leaders use authoritarian methods to strengthen its power.”

The Austrian daily *Die Presse* reminded its readers that the electoral victory of PiS meant the continuation of a dispute with the EU in Warsaw. The PiS election campaign "played the national card" and promised especially to poorer social groups greater prosperity through strongly increasing spending on social benefits – a promise that may prove hard to fulfil.

The German *Die Welt*, in the article titled “In the grip of the counter-revolution”, looked critically at the anti-liberal social change in Poland. “After the collapse of the Soviet Union, we have witnessed the liberal revolution in free Poland. Today’s Poland is the creation of reactionaries who declare war on liberalism, similar to the populist backlash in the USA, Great Britain, Italy, Hungary and Germany”. The situation in Poland is "bleaker" than in Western Europe, where "faith communities in the constitutions of their countries is consistently so strong that democracy as such is not at stake there."

Der Spiegel stressed the weakness of Poland’s opposition: "The liberal Civic Coalition could not do anything to stop the electoral machine of PiS: it had no programme, no charismatic leader, no catchy slogans. Jaroslaw Kaczyński should actually be more worried about competition on the right".

The *Financial Times* describes the four year of PiS rule in Poland as “the phase of illiberal democracy”. "Since taking office in 2015, Law and Justice has subordinated judges to politicians and reduced state media to a pro-government cheerleader, prompting fears at home and in Brussels that Poland, once held up

an emblem of the EU's 2004 eastern expansion, is increasingly drifting into illiberalism."

The *Telegraph* pointed to the tightening partisan control of the media and judiciary in PiS-ruled Poland: "Since sweeping into office with an absolute majority in 2015, Law and Justice has exerted tight control over public radio and television. It has talked of the 're-Polanisation' of foreign-owned independent media and of making journalism a 'licenced' profession. At the same time, Poland's place on the Reporters Without Borders' international ranking of press freedom in 180 countries has crashed from 18th in 2015 to 58th last year... At the same time, a Law and Justice overhaul of the judicial system has prompted yet further allegations that it is chipping away at the pillars of democracy, while bringing the country into a heated conflict with the European Union."

The Economist focussed on the impact of fearmongering in PiS campaigns: "Given PiS's focused campaign, its result will probably have come as a slight disappointment. In the run-up to the vote, PiS courted voters with a combination of big handouts and social conservatism... It also tried to mobilise voters through fear, as it did in 2015 when it portrayed refugees from the Middle East as a danger to national security. This time, Mr Kaczyński identified a new threat: an 'attack on the family' by gay people."

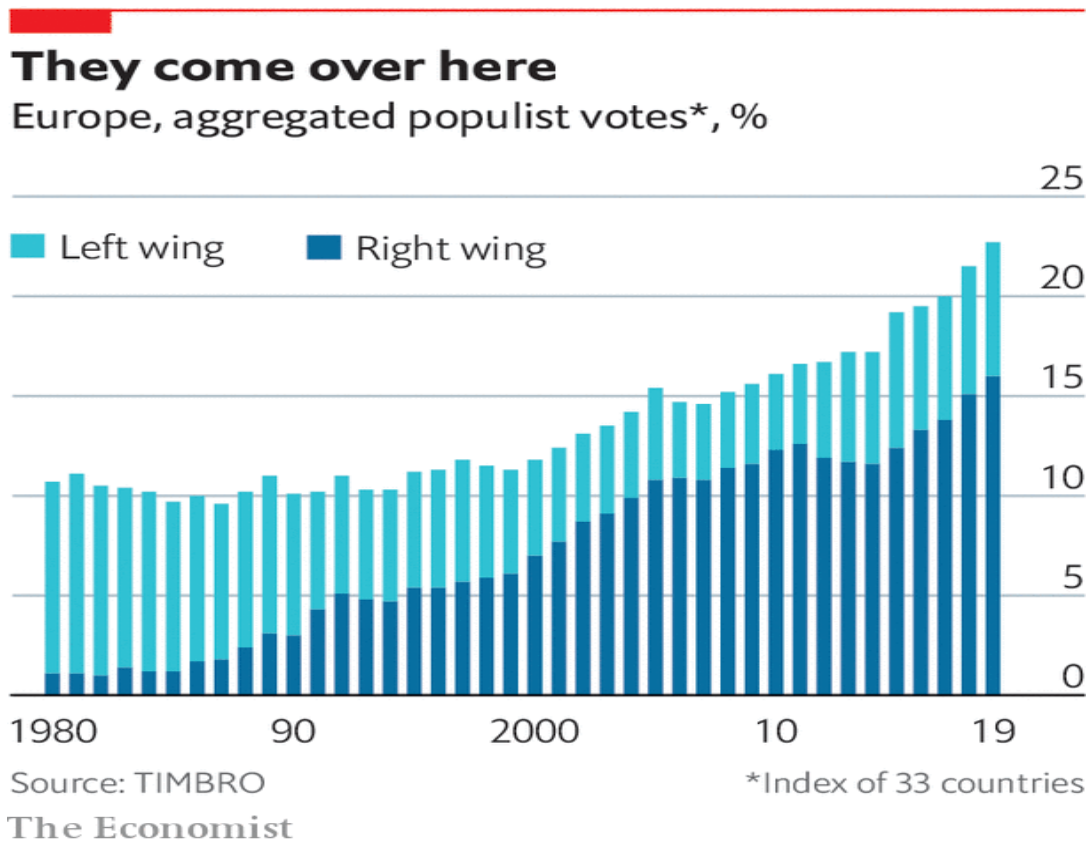
The *Guardian* (in a comment by Cas Mudde) calls the PiS electoral victory a "wakeup call to all liberal democrats". "The PiS victory calls into question at least four received ideas, popular myths, common in the fight against right-wing populism. Myth 1: 'Right-wing populism will fail in government'... Myth 2: 'High(er) turnout hurts right-wing populists'... Myth 3: 'Right-wing populist parties moderate in government'... and Myth 4: 'Voters are put off by radical politics'." One may add to this list a fifth myth: "Radical populists triumph at the times of political instability and economic decline."

The outcomes

As confirmed by Jaroslaw Kaczyński in his post-election speech, the victorious PiS leaders are determined to continue their populist anti-liberal "revolution", in spite of the weakening economy, deepening conflict with the EU, and widening marginalisation of Poland in Europe. Such a stubborn pursuit of illiberal policies – even in the face of serious challenges – seems to be a distinctive feature of populist leaders everywhere.

Populism, especially in its nationalistic right-wing form, continues its surge in Europe and worldwide. The aggregated vote for right wing populist parties and

movements in Europe has tripled from 5% in the 1990s to over 15% in 2019, though it ceased to grow this year (*The Economist* 20 November 2019).



A brief explanation is in place. “Populism” is a label for a distinctive style of political leadership, a method of generating mass support and a way of governing. Paradoxically, populist leaders belong to political elites, though they enter these elites as radical anti-elite critics. They use the term “elite” as a critical epithet and portray the dominant “elites” as arrogant, self-interested and corrupt cliques. Moreover, all populists declare themselves the champions of the “ordinary people” whose demands they represent and fulfil. In response to these demands, the populist leaders promise a “moral-political therapy” (a “good change”) usually in the form of generous handouts to all “ordinary people” who feel disadvantaged or neglected by the treasonous “elites”. Their favorite slogan is “Vox populi, vox Dei” (Peoples’ voice is the voice of God) - the most recognizable calling card of all populists, and the best encapsulation of their style of governing. Populists use demagoguery – manipulation of emotions rather than appealing to reason – and transform political rivalry into a crusade against the enemies, the later condemned as “scoundrels”, “murderers” and “treacherous mugs”. They turn political rivalry into an anti-elite crusade and transform restrained competition between right and left into unrestrained battles between right and wrong.

All above statements are quite obvious and well known. Less obvious are the political consequences of populist rule. The first one a danger of degrading governance (“political decay”): the weakening of state administration, rule of law, independence of the judiciary and democratic accountability. Populists in power appoint loyalists to the key power positions, ignore legal (including constitutional) constraints, and degrade political discourse. The second danger is a weakening trust in political elites and key political institutions mainly through propaganda. This trust is essential in sustaining stable democratic politics. The third is a danger of unsustainable policies, especially policies of sectional handouts and privileges.

The rest of the paper focus on those three major challenges facing the victorious PiS leaders and PiS-ruled Poland.

The challenges

1. the democratic challenge: arresting the ‘political decay’

Four aspects of PiS-introduced changes are seen as particularly controversial and dangerous: 1 weakening the rule of law, including the constitutional law, and the political independence of the judiciary – both condemned by the EU bodies and challenged by the European Court of Justice; 2 the informal (and unconstitutional, according to critics) concentration of power in the hands of party leader (Jaroslaw Kaczyński), who became Poland’s “Paramount Leader”. 3 the party takeover of the state through purges of state administration and appointments of partisan loyalists to run state-controlled enterprises; 4 the tightening of political control over the state-owned media resulting in a rapid decline in media freedom and partisan neutrality.

As a result, Poland slides away from democracy and towards authoritarian rule. Polish state increasingly resembles a one-party state. The overall effectiveness of governance – including all three branches: legislative, executive-administrative and juridical– are rapidly declining. So is protection of basic civil and citizenship rights.

Poland faces not only a constitutional crisis (Sadurski 2019) – caused by the erosion of legalism and independent judiciary (including the Constitutional Tribunal, the Supreme Court, and the National Council of the Judiciary (KRS)³ - but also a series of legal challenges to the partisan interference into the main judicial bodies. These challenges continue by the European Tribunal/Court of Justice (ECJ), the Human Rights Commission, and the Council of Europe. The

³ KRS is a peer-selected public judicial body responsible for safeguarding the independence of the judiciary. This is done by nominating judges and reviewing ethical complaints against sitting jurists.

ECJ challenges, among others, the legality of appointment of the key judges, the “disciplining” procedures, and the refusal by Poland to take the assigned contingent of political refugees.

In April 2019, the European Commission referred Poland to the European Court of Justice again, for undermining the independence of her judges, who are subjected to disciplinary investigations by a panel appointed by MPs. This is because in 2018 PiS changed the law so that the majority of judges sitting on the National Council of the Judiciary (KRS) – a body supposed to safeguard the independence of the judiciary henceforth selected by their peers – were to be appointed now by the party-controlled lower house of parliament. This has led to the suspension of Poland's National Council of the Judiciary (KRS) in the European Network of Councils on the grounds it is no longer politically independent (controlled by the ruling party politicians). The ruling on this matter – and on the refugee issue – is expected before the end of the year.

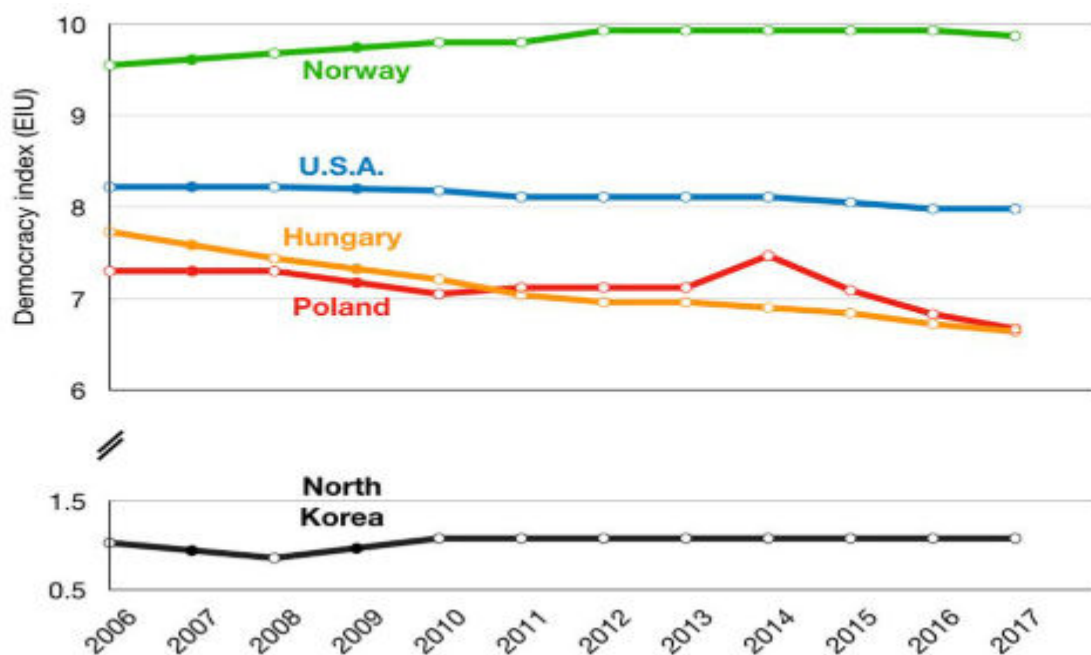
If Poland is found guilty, the entire judicial “reform” by PiS will have to be revised, and the government will face serious sanctions, including financial ones. The judgement will also affect Poland's Supreme Court because another government reform created two new chambers for the court that have been filled by judges nominated by the new, politically appointed Council (KRS). The PiS leadership denies any wrongdoing and – as a demonstration of its defiance – has nominated three new judges, including two hardline PiS ex-MPs (including the communist-era prosecutor) to Poland's Constitutional Tribunal.

The PiS-instigated constitutional crisis – confirmed by the documentation delivered to the EU, court rulings and the worsening international reputation of Poland – is also reflected in the declining indices of democracy, “quality of governance” and media freedom in Poland.

The Democracy Index, constructed annually since 2006 by *The Economist Intelligence Unit*, rates 167 countries by 60 indicators across five broad categories: electoral process and pluralism, the functioning of government, political participation, democratic political culture and civil liberties. It shows a steep decline between the end of 2014 and 2018 in Poland's general ranking (from 40th to 54th place), overall score and specific scores of democracy, especially in respects of “political culture” and “civil liberties”⁴:

⁴ The Freedom in the World 2018 Report lists as the key events that caused further downgrading of Poland:

- “Amendments to the electoral code endangered the independence of the National Electoral Commission (PKW), which manages elections and oversees party finances, by shifting responsibility for many of its nominations to PiS-controlled institutions. The



Democracy index for selected countries, as measured by the Economist Intelligence Unit for 2006 - 2017. The EIU democracy index takes values between 0 (worst) and 10 (best). Shown are data for Norway (green), United States of America (blue), Hungary (orange), Poland (red) and North Korea (black), the values for 2007 and 2009 are linear interpolations as no indices were reported for these two years. Dr Karoline Wiesner, University of Bristol. Source: Press release issued: 27 November 2018

As one political observer noted wryly, “Under the rule of PiS, Poland becomes a pioneer in the EU! It is the first country investigated for law-breaking. The first country threatened with the penal procedure of article 7 [of the EU treaty that excludes the guilty country from participation on the EU decision – JP]. The first country whose legislation has been found as violating independence of the judiciary.” (Sadurski 2019b)

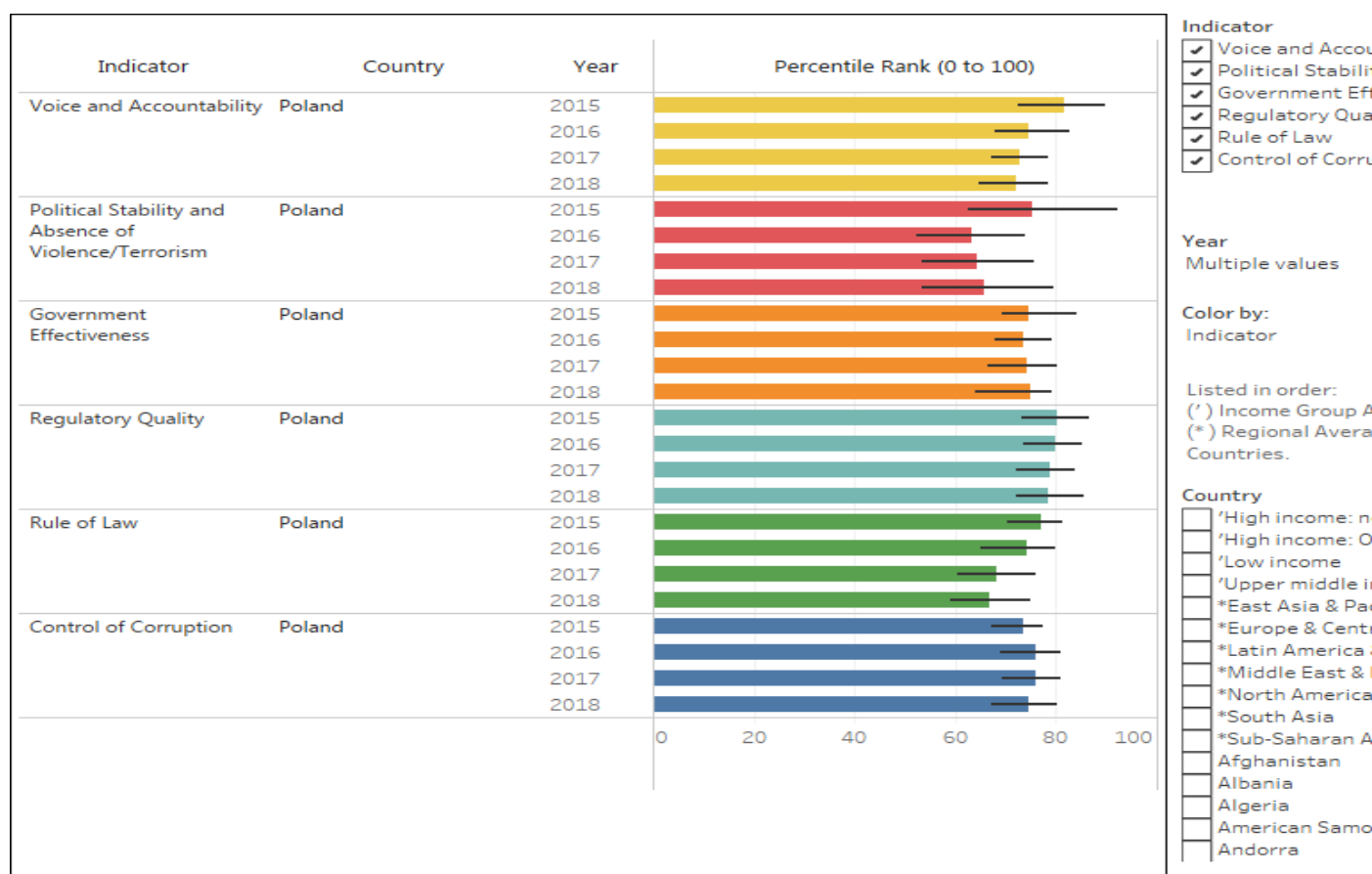
reform underwent no public consultation and was criticized by the PKW head and opposition lawmakers.

- A second reform that came into effect in 2018 gave authority to reject election and referendum results to a new Supreme Court chamber that is vulnerable to politicization.
- In October, European Court of Justice (ECJ) ruled that Poland must suspend a law mandating a new, lower retirement age for Supreme Court justices, which had required 27 out of 73 judges to retire. President Andrzej Duda signed legislation reinstating the retired judges in December.
- In February 2018, parliament passed a law criminalizing claims of Polish complicity in crimes committed during the Holocaust, carrying a potential prison sentence of up to three years. The government walked back the law following an international outcry, making it a civil offense punishable by fines.”

A similar trend – and an even steeper decline between 2015 and 2019 – is shown by the Press Freedom Index:

<i>Country & Year</i>	<i>Ranking</i>	<i>Overall score</i>
Poland 2015	18	12.71
Poland 2019	59	28.89

The Worldwide Governance Indicators for Poland – a wide range of empirical indicators of “voice and accountability”, political stability and absence of violence, government (administrative) effectiveness, regulatory quality, rule of law, and control of corruption – also show a steady decline after 2015. A similar decline is recorded in all countries ruled by populists, including Hungary, Turkey, Great Britain and the United States. This is not only a proof of “erosion of democracy” in PiS-governed Poland, but also of the causal nexus between this erosion and populism.⁵ Also, the Worldwide Governance Indicators (WGI) – a popular measure of “political decay” (Fukuyama 2014, 2019) – show a decline over the last three years, especially in respect of “voice and accountability” and rule of law:



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), *The Worldwide Governance Indicators: Methodology and Analytical Issues* - https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130

⁵ Those looking for further empirical proof may look at the declining position of Poland in closely related rankings/indices of democracy, freedom and rule of law.

Poland's slides in the Democracy Index and the Institutional Quality Index⁶ are among the most rapid among the developed countries. Arresting these slides, let alone reversing them, is unlikely under the PiS-dominated administration.

2. the economic challenge: arresting the economic slowdown

The welfare handouts prove very expensive: the extended 500+ alone cost c.40 billion zloty; the cost of extra pensions is estimated at over 10 billion zloty. The cost of transfers and privileges to the Catholic Church is similar. But the problems lay elsewhere: not only in high costs, but in the very sustainability of all these measures under the conditions of predicted economic slowdown.

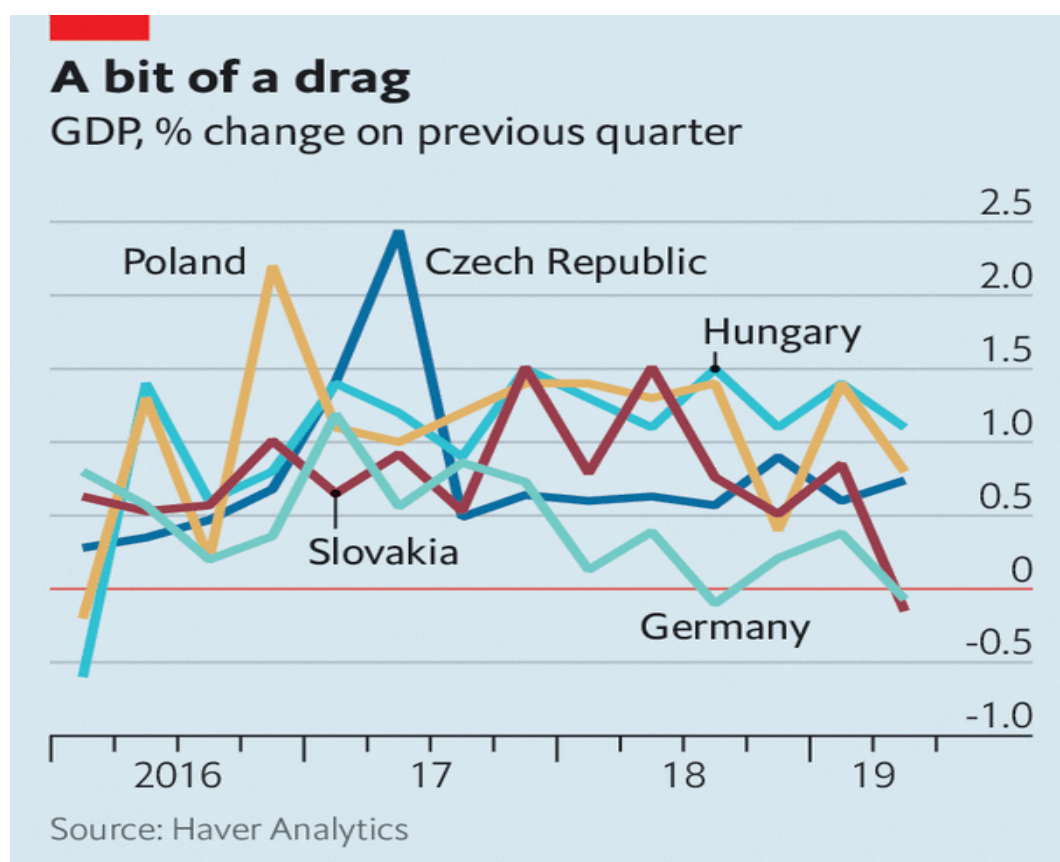
Are the PiS welfare policies sustainable? The "500+" program, justified as helping poor families and stimulating birth rates, has not achieved its main declared objectives: income redistribution and boosting birth rates. It does help families – but both poor and wealthy families alike. It has negligible redistributive effects: the number and proportion of people in poverty has not changed. It resulted in a short-lasting "blip" in birth rates 2016 – as predicted by almost all social scientists. Moreover, it increased the number of welfare-dependent people, especially women, created disincentive to seek employment, and depressed spending on health and childcare. The GUS data suggest that the 500+ program has also increased spending on alcohol (higher in the families receiving 500+). But it doubtless proves popular – like the extra pension bonuses – a among the "PiS iron electorate" and has boosted votes in the elections.

The costly privileges enjoyed by the Catholic Church face growing criticism of the politically reviving Left, as well as the young Poles. They come at the time when Catholic hierarchy faces the corrosive podophile scandal – brought to attention by the documentary film ('Do not tell anyone') placed on YouTube in 2019 and immediately attracting over 20 million hits – politicisation of priests, as well as the strongest secularisation trend among the young Poles.

Perhaps the biggest medium-term challenge to welfare handouts is the widely expected economic slowdown. The OECD has just downgraded the 2020 estimates of GDP growth for the EU (1.1%) and Poland (3.3%, the Polish budget assumes 3.7%) - in line with the global slowdown. The EU subsidies

⁶ The IQI is based on averages from 8 indices: Rule of Law and Voice and Accountability (World Bank); Freedom of the Press (Freedom House); Perception of Corruption (Transparency International); Global Competitiveness (World Economic Forum); Economic Freedom (Heritage); Economic Freedom in the World (Fraser) and Doing Business (World Bank)

will be less generous with the shrinking budget and redirected “solidarity” payments. Foreign investment in Poland, especially in high-tech areas (automotive, electric cars), is declining. Remittances start to shrink (1.2% of the GDP in 2018, compared with 1.4% in 2015 and 2.4% in 2007). The inflow of cheap Ukrainian laborers – who increased the Polish GNP in 2014-18 by 2.5% and generated c. 11% of the entire Polish economic growth – is declining, and will further decline in 2020, when the German labour market opens for them. Skilled labour shortages loom, and they are further exacerbated by out-migration of young and skilled Poles. Poland’s relative (“catching up”) advantages – plentiful skilled labour, low wages, high security, political stability – have largely disappeared.



The Economist

As pointed out by *The Economist*:

“The V4 stand to lose up to 25% of their EU funds in the next seven-year budget starting in 2021. The union is peeved by the populist governments in the region, and funds will be redirected away from the comparatively booming central Europeans. Moreover, the EU is losing one of its biggest net contributors because of Brexit.”

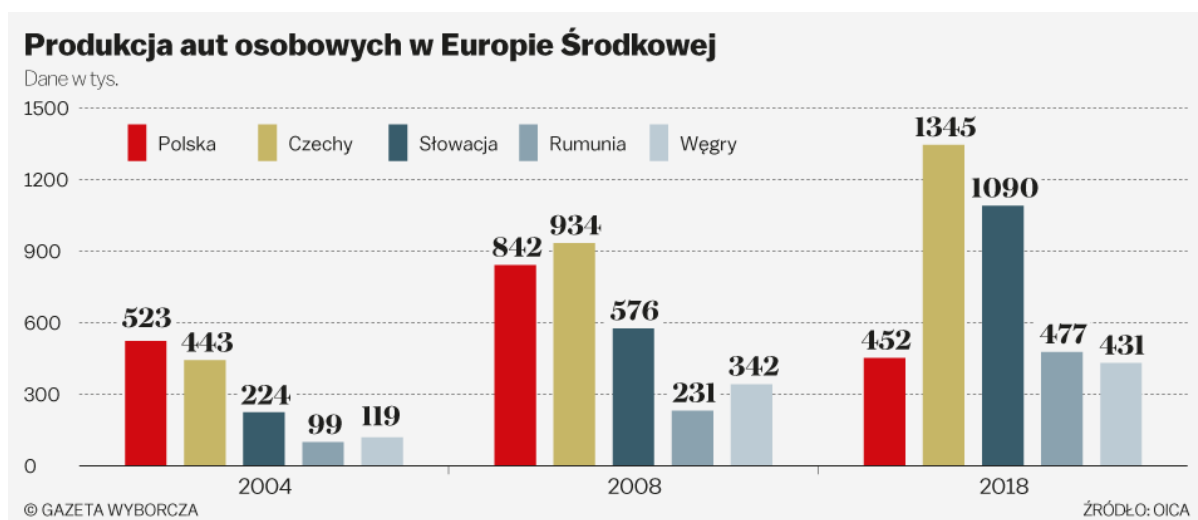
Moreover, the inflow of foreign investment is also petering out. As a recent report from the Vienna Institute for Economic Studies claims:

“Asset sales to domestic investors in the wake of disinvestment diminished the amount of FDI inflow (the net value of gross inflow and disinvestment). In Poland, UniCredit bank sold its 32.8% stake in Pekao Bank for EUR 2.4 billion to the state-owned insurance company PZU and the Polish Development Fund (PFR). In a wider context, the Polish government was engaged in taking domestic control (‘re-Polonisation’) of the financial sector and the media. In Hungary, too, foreign equity participations declined due to state acquisitions in the energy, telecom and banking sectors.”

In sum, five factors are dampening the economic prospects in Poland (and the CEE region):

- end of rapid growth in Europe and worldwide, especially in Germany;
- labour (skilled) shortages due to ageing and migrations;
- declining foreign investment (nationalisation, skilled labour shortages, growing labour costs (7.7% last year), declining rule of law;
- Brexit and the redirection of the EU equalization/solidarity subsidies;
- Russian sanctions (and declining appetite of investors in USA & Canada).

The slowdown is predicted to affect mainly the high-tech and high-income area of car production (see the graph below), as well as investment in production of electric cars. Poland has been losing its leading position in these areas. The new Tesla mega-factory of electric cars and accumulators will be built in Germany. Poland may benefit from the Brexit re-location of some Japanese (Toyota) car factories, but this relocation is conditional on Brexit arrangements, as well as the future shape of the world economy.



The immediate consequences of these developments pose a serious challenge. In order to balance the budget – in the face of additional promises of extra investments and welfare handouts (e.g., the Kaczyński’s “new 5”) – the Polish

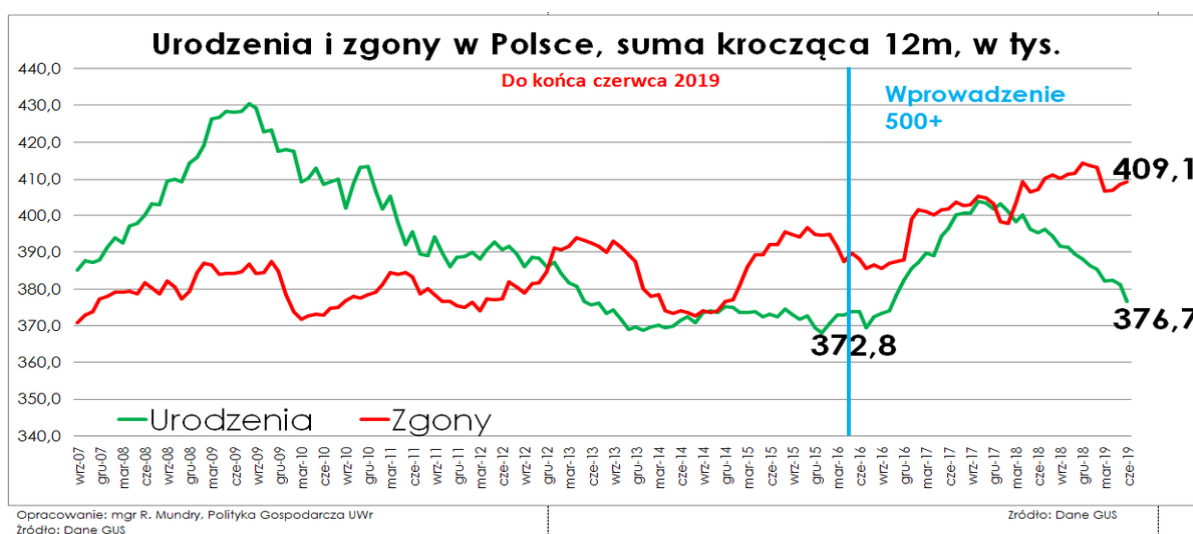
government boosts the existing taxes, imposes new taxes (e.g., 15% transfer tax to individual accounts of the remaining OFE funds), raids the Demographic Reserve Fund (42 billion zloty) established in 1999 to fund the future costs of ageing population. It resembles not so much selling family silver, as mortgaging your house to shift the burdens on the shoulders of the next generation.

3. the demographic challenge: facing the demographic cliff

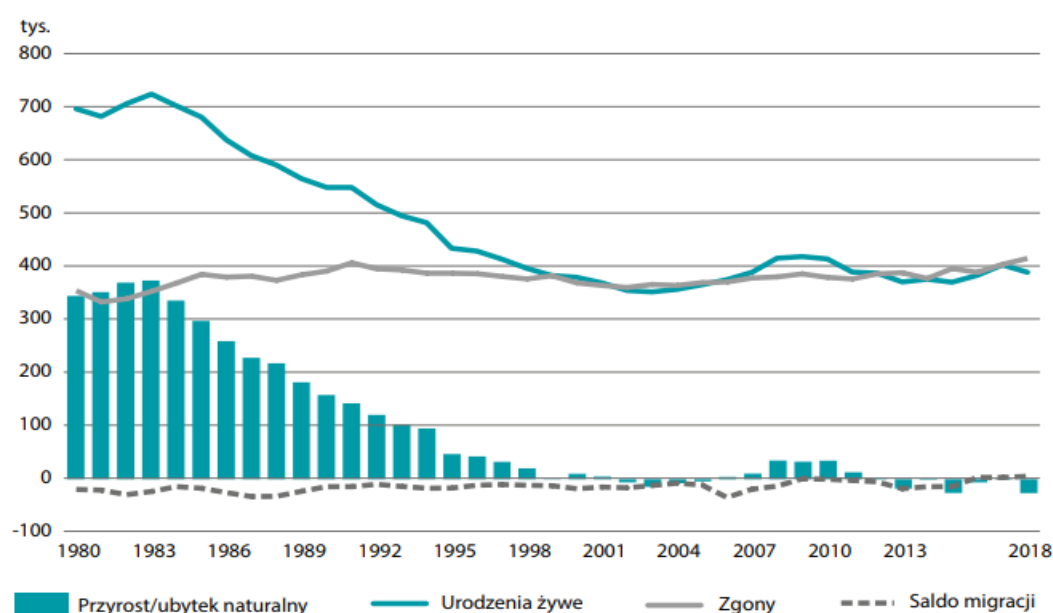
Poland faces not only a shrinking, but also a rapidly ageing population. A proportion of young people in working age declines, and a proportion of dependent old retirees increases. At present Poland has c. 38 million inhabitants with only c.17% of the population over 65 years of age. If the current trends continue, this proportion is estimated to reach c. 24% (like in Japan today) in 2030 and massive 33% in 2050. While at present for every Polish pensioner we have c. 4 people in working age, by 2030 there will be less than 3, and in 2050 1.8. These changes are exacerbated by out-migration of young people, especially women in child-bearing age.

Moreover, with the accelerated ageing of the population – exacerbated by high out-migration of young and skilled Poles – the cost of pensions, aged care, and the cost of health services in general, are predicted to sky-rocket. This increasing burden is due not only to the increasing proportion of dependent seniors, but also due to rising cost of treatment of patients with cancer and dementia, as well as by skyrocketing costs of pensions and medical services.

These dangers are, of course, well known – the outcomes of decreasing birth rates (1.4 in Poland) and increasing longevity. But Poland is particularly exposed due to the rapidity of ageing and poor preparation for its consequences.



Wykres 1. Ruch naturalny i migracje w latach 1980–2018



Most other developed countries are increasing the retirement age, encouraging immigration of young (and skilled) people, boosting productivity of workers, increasing workforce participation, especially of women, investing in health services, and – perhaps most importantly – establishing pension/future funds for covering the forthcoming costs of ageing. The Polish government, by contrast, does precisely the opposite. It has lowered the retirement age; it restricts permanent immigration; and it discourage (the already relatively low) workforce participation. PiS policies encourage women to leave employment (500+ lowered the participation rate of Polish women below 50%!). The government starves the health budget (40% lower as the proportion of the GDP than the EU average). Polish hospitals face the record debt (15 billion zloty) and they cut their services. Poland spends on old age care 40-60% less funds than the developed European neighbours. Life expectancy in Poland stopped to grow two years ago. Worst of all, the Polish Future Fund (Fundusz Rezerwy Demograficznej) – created in 1999 to be preserved till 2025 – is to be used for funding PiS’s extra pension promises.

Poland’s pension system – underfunded and mismanaged – is de facto broken. The state-owned and controlled ZUS (state-owned pension/insurance fund) resembles a financial pyramid. The pensions – early and generous to attract votes of the growing army of pensioners and non-contributing farmers (farming KRUS costing 15 billion) – are paid, increasingly, from the incoming contributions. The annual deficit is currently estimated at 30 billion zloty. In 2025 it is estimated to grow to about 100 billion. It may reach over 300 billion by 2050. Sceptics doubt whether such a system is financially, socially and politically sustainable.

Who will pay these ballooning costs? The young generation is already burdened by the rapidly growing living costs and environmental modification costs. Will they be able to carry the sky-rocketing costs of ageing population and generous welfare promises?

Conclusions

As the PiS leader announced, the government is determined to continue its policies. The electoral victory has been erected on populist promises, and it has been supported by nationalists (narodowcy) and culturally conservative Catholic Church. The Polish leader may moderate his views under pressure from the EU bodies, the declining popularity among young people and women, and the forecasted economic slowdown. The government may be forced to scale down its generous handouts and cut its ties with the extreme right, which becomes a source of embarrassment. But, like similar populist leaders elsewhere, the Polish leaders are likely to cling to power until dislodged by the combined forces of crises and united opposition.

Can we predict such circumstances in more than a very general way? I leave this question open. As Groucho Marx once warned us: “never profess, especially about the future.” And we must also remember also that miracles do happen, especially in Poland.

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