

# Polish Pre-Election Polls Seem Unmoved by Electoral Giveaways

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*As in every election, numerous electoral pledges have been made prior to the election that will take place in Poland on the 9th of October. It seems however, that support for different parties has remained largely unaffected by the scale of the giveaways.*

As the elections get nearer, the electoral race between the main contenders, the ruling *Civic Platform* (PO, popular support at about 32%) and the main opposition party *Law and Justice* (PiS, 29%), seems to be getting closer, with the result of Sunday's vote remaining wide open.

Behind the two leaders in opinion polls are the *Polish People's Alliance* (PSL, 5%) which has been in coalition with PO for the past four years, and the *Democratic Left Alliance* (SLD, 10%) together with two recently formed parties – *Palikot's Movement* (RP, 8%) and *Poland is Most Important* (PJN, 2%). To guarantee seats in the parliament any of the parties need to cross the 5% support threshold.<sup>1</sup>

In the second part of its Pre-election Report published on 28<sup>th</sup> of September, the Centre for Economic Analysis (CenEA) presented a detailed analysis of electoral proposals focused on tax and benefit policies which would

directly affect the financial situation of Polish households (Myck, et al., 2011a).

The two coalition parties (PO and PSL) have approached electoral declarations with surprising modesty by either fuzzy non-specific commitments (like the PSL) or electoral slogans which sound generous but are in fact relatively cheap to implement. The Civic Platform promised a “*radical increase in the tax credit for the third and subsequent children in the family*”. As the Report shows this would only affect about 30% of “3+” families or about 5% of all Polish families, and would cost only about 70 million euro per year (0.02% of the GDP) – a burden that may be possible to bear even at the difficult times of the crisis.

The opposition parties are much more generous with PiS and SLD both offering to increase pensions and broaden eligibility criteria for family benefits. These policies in each case would cost about 1.5 billion euro (0.5% of the GDP). On top of that, the SLD

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<sup>1</sup> Opinion poll by SMG/KRC from 03.10.2011.

proposed a new benefit for low income families who cannot take advantage of the existing child tax credit. This policy would stretch the government's budget further by another billion euros. Neither of the two parties suggests convincing ways of financing of the proposals and they are both adamant that they would not raise taxes.

The most stunning proposals have come from the recently formed PJN, a party established after last year's presidential elections by former members of PiS close to the late President Lech Kaczyński. PJN's program promises extremely generous additional resources for families with children. When put together with additional proposals of changes in personal taxes and minimum pensions, the overall cost of the giveaways adds up to about 17 billion euro, or about 5% of the GDP. Some of the resources for this purpose would come from introducing a uniform rate of the VAT, but the full package still leaves a hole in of about 12 billion euro (3.7% of the GDP). This cost seems impossible to pay at the time when the government is struggling with a very high level of debt and desperately tries to reduce the budget deficit.

The recent discussions concerning the parties' spending plans may be one of the reasons behind the narrowing of the gap between PO and PiS, but other more generous electoral promises of other parties – do not seem to have caused much change in support. In fact, the party which has recently gained the most in polls (RP) is the only one which, with its suggestion of linear income tax and a uniform

VAT rates – both at 18% – would significantly raise household taxes by nearly 3% of the GDP.

Such outcome may be interpreted in many different ways. First, it might relate to the failure of parties clearly explaining which population group would gain once the proposed changes get implemented. Secondly, the public opinion may generally have a poor understanding of the consequences of the different solutions. It must be said that for a long time the campaign have focused much more on personalities and several general issues than on specific details and proposals in the area of taxation or social support.

Moreover, as demonstrated in the first part of CenEA's Pre-election Report (Myck et al., 2011b), the ruling parties over the last two terms of parliament have generally failed to deliver their earlier promises related to tax and benefit policy. This may have made voters skeptical of what has been announced this year. The slogan that "*no one will give you more than the politicians will promise*" has been very popular in Poland over the recent weeks. Such slogans get reinforced by the fact that parties fail to identify convincing sources of funding for their new policies.

Politicians who want their promises to be taken seriously must realize that any proposed additional expenses may only be financed by extra taxes or through credible solutions in regards to savings. The experience of this year's campaign in Poland shows that until both sides of the equation are taken seriously

by the parties, voters won't pay too much attention to what is announced.

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## References

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