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Russians Can Learn From Polish Dissatisfaction (Op-Ed)

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To say that Poland's recently concluded presidential election, in which Andrzej Duda of the Law and Justice party triumphed over the incumbent Bronislaw Komorowski of Civic Platform, was a "surprise" would be a pretty significant understatement.

I read quite a few of the pre-election forecasts in various Western magazines and newspapers and I can't recall a single one that gave Duda even a remote chance of winning. Komorowski's re-election was taken as a self-evident fact and a sign of Poland's increasing maturity and self-confidence.

While I sometimes get frustrated at the Western media for projecting its biases onto the stories it covers, it would be quite unfair to do so in this particular instance. Before the first round of voting started, there simply wasn't any good reason for Komorowski to lose: he was a reasonably popular incumbent with an enormous lead in the polls presiding over an economy that has recently been the best performer in all of Europe.

None of the things that you would expect to sink an incumbent were present. There wasn't a sudden economic downturn, there wasn't any alleged marital infidelity or corruption, and there wasn't any infighting among the party's backbenchers. It looked like a popular incumbent going into a race against a bunch of unknowns, and we all know how those races usually end.

Nonetheless, Duda stormed to victory in both rounds of voting and his triumph is already being interpreted as a sign of Polish society's growing frustration with inequality, at the nagging sense that the benefits of the country's unquestionably rapid economic growth have not been equally shared.

Perhaps he'll change his mind once he's in office, but all signs are that Duda's general policy positions are not especially different from Komorowski's. Both hail from broadly right of center, free market perspectives.

But, over the course of the campaign, Duda sounded more populist notes on themes such as bank regulation and mortgage lending. It is unlikely that these policies, even if they are enacted, will do anything to address the concerns of Poles, but it does signal that "business as usual" is no longer an option. There are genuine grievances in Polish society about the way the economy operates and someone is going to make electoral hay out of them.

At first glance this might appear a little bit crazy. Poland? Economic problems? If there was a single country anywhere in Europe (perhaps even anywhere in the world) where you would expect the public to not be frustrated with the current state of the economy, Poland would be an excellent candidate.

It has been growing steadily since the early 1990s and is one of a handful of countries that was able to escape the 2008-09 crisis without going into a recession. In an environment of steady growth and low inflation, how on earth could the Poles be angry enough to toss out an incumbent president?

Well, Poland presents an excellent example of a simple but very awkward truth: the public usually doesn't care about the same things that the business press does. Poland's performance has gotten glowing reviews from the likes of The Economist and The World Bank, but the most important constituency (actual Poles living in Poland) evidently hasn't been terribly satisfied.

Even in a country like Poland, there is usually quite a large gap between the kinds of things that Western businesses care about and the concerns of the median voter.

Poland, for example, has made substantial progress in reducing the amount of red tape with which the average business must deal. No, the Polish government is not as lean and business-friendly as governments in the Baltics, but it is vastly better than it was when it first made the transition from communism. Poland's business environment has likely never been better its entire history.

But whether you are cheered or dismayed by this change, the fact remains that it just isn't of much relevance to the average Pole. Very few people own (or are ever going to own) their own business. They're not anti-business per se, nor are they fans of needless bureaucratic

hurdles, they just don't have much experience with these matters in their day-to-day lives.

Put more simply, the average person is always going to care a lot more about the size of their most recent paycheck than they do their country's position on the "ease of doing business" league table.

As Leonid Bershidsky astutely noted in Bloomberg, there can be a certain amount of perception over reality in these matters. Polish inequality, while it has certainly been growing, is not particularly high by European standards. For all of its popularity among economic liberals, the Polish state actually does a surprisingly large amount of redistribution and inequality would be much higher without government transfer payments.

But the potency of a political argument is not determined by a spreadsheet. If politics were a narrow game of numbers, Komorowski would have won without breaking a sweat. In an electoral campaign, narrow technocratic answers to emotional questions like "Is economic growth being fairly shared?" are unlikely to be terribly successful.

This is why Duda's populist appeals (even if they were rather light on substance) were so effective. It was a signaling device, a way to say that he shared voters' concerns in a way that the previous government did not.

If there's a lesson for Russia I would suggest it is the following: Even if the government implements (badly needed and entirely justified) liberalizing economic reforms, the public as a whole is unlikely to be very impressed. Indeed, the short- and medium-term pain usually associated with reform could conceivably cause public support to drop.

Voters aren't analyzing economic performance with a sophisticated macroeconomic forecasting model or a detailed comparative framework of government efficiency. They're making a series of quick judgements about wages, prices and their gut feeling of what is transpiring.

It's not enough for a government to be right; people have to feel like they're being treated fairly. And if this was a problem in a success story like Poland, it can be a problem anywhere.

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