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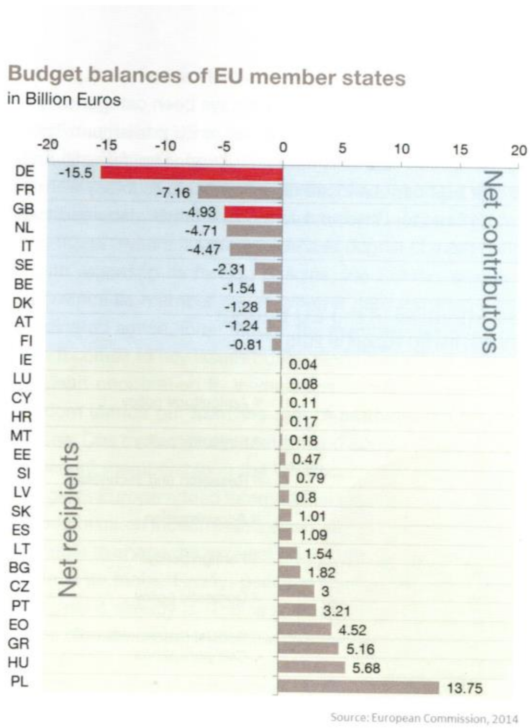
Patriotism Instead of Insight

A review of „ Public Finance in Poland“ edited by Agnieszka Alinska
By Marco Calaris[1]

Expectations are high when a monograph with a fundamental if not encyclopedic title is published. The reader is curious to comprehend the pillars of the Polish system of Public Finance. This curiosity was sparked by the following recent events:



- In 2015 the government promised that the population would profit from the growing dividends through social benefits. What is and what will be the impact of governmental generosity on the fiscal balance in the system of public finance?

- The decision of the UK to leave the EU (Brexit) will have an impact on EU subsidies available for Poland. As Poland is a huge net receiver of EU money, its dependence on the EU budget is significantly high. The attached graph illustrates this dependence. Consolidated funds received from Brussels on a net basis might vary from year to year. But the figures in 2014 are striking: The budget balance of 13,75 billion Euros shows that an amount of almost two times the Polish defense budget is covered by EU funds

Considering that the book was edited by an associated professor from SGH, sponsored by National Science Center and published by the SGH publishing house after being reviewed by Polish professors the author fails to address the above-mentioned issues.

[1] Marco Calaris, University of Cagliari, Research assistant of Europolis e.V.

10178 Berlin Hackescher Markt 4 E-Mail:message@europolis-online.org 75016 Paris 25 bis rue Jasmin
Tel. 030-843 14 136 Internet: www.europolis-online.org Tel. 1- 76 90 68 77
Fax 030-843 14 137

In the introduction *Alinska* praises Poland's outstanding economic performance as one of the few countries not affected by the financial crisis in 2007/2008[2]. Instead of substantiating this assumption she simply refers to the low level of external debt as proof of Poland's relative stability[3] throughout the crisis. It is not surprising that *Alinska* is an advocate of the Morawiecki plan that „bas(es) further growth on domestic capital“[4] . Hopefully Poland's domestic capital will be able to spark off the growth necessary for the social redistribution promised by the current government.

The problem of financing infrastructure projects in Poland as a prerequisite for long term growth without foreign institutional investors would have been worthy of note in Alinska's book. The dependence on EU funds and the impact of the UK's exit as a net contributor does not seem relevant. Alinska's co-author of Chapter 2, *Joanna Marcakowska-Proczka* does not even succeed in delineating the consolidated net income from EU funds[5]. As mentioned above, Poland's dependence on EU funds has become an element of potential financial instability. Why do ambitious academics conceal Brexit's potential financial pinch for Poland from the academic public?

In a nut shell this monograph is a typical example of Polish academic complacency. This might impress the *towarzystwo wzajemnej adoracji*[6] but it neither meets international publication standards nor does it outline answers to the urgent question of how Poland will maintain or even increase the amount of infrastructure investments in the light of unavoidable decreases from the EU budget after 2019.

This opens a chapter that must be added:

How can private capital be used to finance public goods in order to avoid imbalances in Polish public finance? The answer to this unavoidable question presupposes an unbiased look at Polish dependence on EU funds, the amount of domestic capital available as well at the financial instruments that mobilise private capital for public goods.

[2] Alinska et aliud p. 7
[3] Ibid p. 18
[4] Ibid p.26
[5] Ibid p. 75 f.
[6] mutual admiration society

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Fax 030-843 14 137