

## Opinion An infrastructural puzzle. Official opinion of Piotr Koryś, the Chief Economist of the Union of Entrepreneurs and Employers

In a rather interesting interview, Marcin Piątkowski, this year's recipient of the ZPP Award for Economist of the Year, stated that Poland could follow the path of Spain or Italy, that is, achieve a comparable level of prosperity and subsequently stop catching up with the global leaders of growth. Or gamble like Real Madrid CF and advance to the top league. Piątkowski listed out several factors that may determine this. What characterises the countries that have achieved the greatest economic success, and are in fact today in the top league, is not only their attention to the quality of institutions, audacity in the pursuit of development policies, readiness to implement measured public policies and infrastructural investments – in a nutshell: investing in the future – but also, and perhaps above all, cohesion and continuity of development policies.

Let's have a look at this in the context of the political changes taking place in Poland, shall we? Continuity concerns infrastructural policies or regulatory and institutional solutions. Disputes regarding the latter group aside, what signals are the “brigands” of the newly formed coalition sending about the projects that are to become a driver of development in the decades to come? I'm not pondering whether they were completely well designed or not; one could probably find a fault here and there. I'm contemplating the modus operandi of the Polish state itself – stretched between two options: policies and investments implemented within the perspective of a single term, or policies and investments implemented beyond political divisions.

Two major projects left by the Law and Justice (PiS) government to their successors are the remodelling of the country's transport infrastructure basing on a centrally-located airport of an at least regional scale and a high-speed railway network, and yet another attempt to construct a Polish nuclear energy sector, or rather to continue the project initiated by Donald Tusk's previous government. The former was reduced in the public debate to a three-letter abbreviation: CPK. Some defend it, others question the point of a large airport. Some even consider it to be a supposed symbol of gigantomania, so typical of authoritarians(!).

Nevertheless, CPK is, first and foremost, a project of a thorough modernisation of the Polish transport infrastructure, which may become the starting line to the next development leap. Those were infrastructural investments that allowed “Asia's next giants” (to quote Alice Amsden) to maintain their dynamics of development. New, fast infrastructure should support

the transformation of Poland into the new “industrial heart of Europe” is what Piątkowski talked about in the above-mentioned interview.

In a sense, the nuclear project is complementary. Over the next dozen years, the power units of coal-fired power plants (both hard and brown coal) are to be phased out – a result of not only consumption, but also of the EU’s climate policy. Nuclear power plants can provide a stable basis for the future energy mix: gas-fired energy is insufficiently certain for future development, while renewable technologies are still a far cry from ensuring supply (and probably also price) stability. Stability of energy supplies, along with the process of further electrification of the economy, will be key to ensure we develop. From the point of view of entrepreneurs, it will be one of the crucial decision-making factors when undertaking and developing new investments.

Neither of these projects could be implemented within a horizon of 4 or 8 years, which is a typical term in democratic Poland. Their implementation can only be based on a vision across party lines and in the long term. A vision that is not undermined by petty disputes and conflicts or personal dislikes. One can have a number of reservations towards the policies (and politics) of the previous administration, so perhaps the reasons to hold the predecessors accountable are justified. It must, however, be stressed that PiS had never actually broken continuity in the area of infrastructural projects. This was perhaps the result, critics will surely say, of regulatory pressure from the EU. Infrastructural projects carried out in the first and second decades of the 21st century were usually largely financed from EU aid funds. Therefore, any redefinition of investment goals was out of the question. Regardless – even if this was the case – the road network project or railway investments were carried out in a continuous manner.

With regard to Law and Justice’s large infrastructural projects, there are varying signals coming from the camp that will soon take over power. There are fears both in relation to CPK and nuclear energy that investments might at least slow down. Meaning, for example, that nuclear power plants may not be built when they are really needed. Perhaps the party that will no longer be in government has only itself to blame – both projects are in their infancy. And yet recently, the politician responsible for CPK assured that the first planes would take off in... 2027.

Both projects are essential. Decisions regarding audits, new investors or better (optimal) solutions are resolutions that postpone their implementation increasingly into the distant future. Just look around. Having made the decision to build an airport near Berlin, its implementation was continued in spite of rising costs and better ideas. Having made the



decision to develop nuclear energy in Finland, locations would not change, and no further audits were carried out despite changing government.

These projects are just but two examples. Were the best possible solutions selected? Probably not. This is never the case – no government ever chooses perfectly. However, large public investments have been thus far one of the few areas of political consensus. Abandoning it today will probably mean not only postponing the implementation of these projects that Poland needs into an unknown future, but also starting a new series of conflicts and ruptures in continuity. Who will stop the new champions in 4 or 8 years from doing what is being done today? Unless someone believes again (and this is probably the norm in our country) that they would never lose again...

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