

Political shift in Poland: A new era?

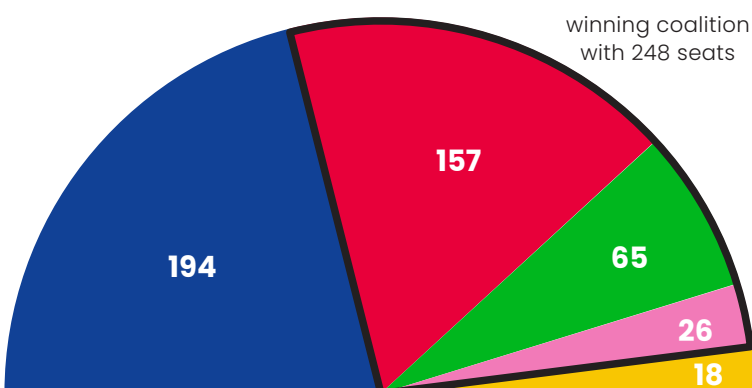
Polish 2023 general elections: Takeaways and a look ahead

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Results

A coalition of three pro-EU parties defeated the Law and Justice party, which has governed Poland for the past eight years, in parliamentary elections held on 15 October. The Civic Coalition/EPP, The Third Way/ALDE/EPP, and New Left/S&D collectively secured 248 seats in the Sejm (lower chamber), with 230 needed for a majority. In the Senate (upper chamber) the coalition holds 66 out of 100 seats.

The Civic Coalition, led by former President of the European Council Donald Tusk, is the largest member of this alliance and holds centrist views. The Third Way includes the agrarian Polish Peasants Party and the Poland 2050 movement, which aligns with liberals on the European stage and is led by former TV personality Szymon Hołownia. The New Left does not share the free-market ethos of the other coalition parties, positioning itself around progressive social policies and occasionally siding with PiS on pro-social and redistribution measures. The coalition also encompasses smaller parties, such as the Greens and Modern Poland/ALDE.



Distribution of seats in the Sejm

Majority: 231 seats

- Prawo i Sprawiedliwość
- Koalicja Obywatelska
- Trzecia Droga
- Lewica
- Konfederacja



A significant characteristic of the elections is the remarkable voter turnout. More than 74% of eligible participants came out to vote. Law and Justice/ECR obtained 36% of the vote, and is unlikely to be able to forge a coalition. With 194 seats secured, their chances of navigating a route back to power seem slim. The far-right Confederation party, a potential coalition ally for the government, underperformed, barely surpassing the threshold with only 18 seats in the Sejm.



Key Takeaways

Relations with the EU

If Donald Tusk's prospective government takes shape, its top priority will be to rejuvenate relations with Brussels. The relationship between the outgoing government and the EU has been tense due to disputes over the rule of law, migration quota negotiations, and minority group concerns. The new administration plans to swiftly appeal for the initiation of Recovery and Resilience Fund transfers to Poland. Tusk might also seek to revive the Weimar Triangle framework, encompassing trilateral discussions among France, Germany, and Poland.

Diplomatic Relations

Poland views the US as a steadfast ally, particularly in light of regional security concerns. This bond is likely to strengthen further given the political synergy between the potential new Polish government and the Democratic majority in Washington, DC. Conversely, relations with the UK may experience some deterioration: the Law and Justice government shared some of the UK's anti-EU sentiment, while Tusk's history with Brexit may be a challenge for relations with the current Conservative UK Government.

Economic Policies

Despite the political turbulence, Poland continued to enjoy significant economic growth over the past years. The Law and Justice government exhibited a fiscally statist stance – they favoured national treasury companies, maintained protectionism against foreign capital, and relied heavily on redistribution policies, including additional pension and childcare support. A shift towards a more free-market approach is anticipated under the new government, which is likely to have a more business-friendly orientation. A renewed commitment to the rule of law should further bolster investor confidence in the region.

Given that coalition negotiations are ongoing, there is uncertainty around the new government's stance around specific policy areas. Nonetheless, it's highly likely that the new coalition will place a greater emphasis on the green agenda compared to the previous government, and will aim to implement EU digital policies at the national level.

Checks and Balances + Social Perspective

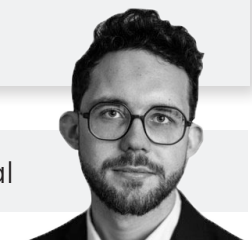
While there's a consensus among the potential coalition parties on certain democratic principles and social issues - such as reinstating objectivity in state radio and television, reversing the outcomes of Poland's judicial system reform, and depoliticising the education system - there will be significant disagreements on other social matters. Specifically, bridging the gap between the New Left and the more conservative Polish Peasant Party on issues like minority group rights and women's rights will be challenging.



What Happens Now?

The President, Andrzej Duda, who aligns with the Law and Justice party, has the prerogative to initiate the government formation process. Due to their formal victory in the election, as the party with the greatest number of seats, the current ruling party is expected to receive a mandate first, even if they lack the capability to form a coalition.

While Donald Tusk remains the leading candidate to be Prime Minister with the backing of the coalition, he is unlikely to have the opportunity to formally establish a new Government until late December. Details of his expected cabinet are likely to emerge in the coming weeks.



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