

## Poland: Pro-EU opposition is on course to win

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### Summary

- Poland's 15 October election is likely to result in a change of government. The Law and Justice Party won the most seats but will struggle to find enough coalition partners to have a working majority. This leaves the Civic Coalition (KO) and allies as the likely government, although as yet there is no formal coalition agreement. The victory of the liberals in Poland, the largest economy in Central and Eastern Europe, is a major step forward for EU unity and continued support for Ukraine.
- It is positive for the Polish economy and PLN, since the Pro-EU opposition win opens the way for the EU to unfreeze around €35bn, although there are many challenges ahead for any Tusk-led government.

### Pro-EU, liberal-leaning opposition likely to form coalition government

According to the Polish Electoral Commission, with 99.31% of the vote counted, the Civic Coalition (KO), led by the main opposition Civic Platform (PO) led by Donald Tusk, who served as president of the European Council from 2014 to 2019, received 30.48% of the vote. The "Third Way," which is expected to be a coalition partner, received 14.43% of the vote, while the "New Left" received 8.55%, giving the three parties 53.46% of the vote. Poland's parliamentary elections are based on a proportional representation system, meaning that the share of the vote is not directly reflected in the share of seats held, but taking the share of the vote into account, KO, the Third Way and the New Left are expected to win 245–250 seats out of 460 seats in the lower house. The three parties are also expected to win a majority in the Senate election, which was held at the same time as the House election.

Meanwhile, the EU sceptic Law and Justice Party (PiS) is still the largest single party with 35.64% of the vote. The PiS aligned president Andrzej Duda is expected to initially order PiS to form a cabinet. But the far-right Konfederacja, the only potential coalition partner of PiS, only won 7.14% of the vote, meaning that even if PiS and Konfederacja formed a coalition, they would not have a majority of House seats.

All four of the referendums held at the same time as the election failed to reach the minimum turnout of 50%.

### Economic slowdown and fears of a threatened democracy are driving opposition victory

It is worth thinking why the pro-EU liberals were expected to win this election in Poland. The current ruling party, Law and Justice (PiS), is a right-wing Catholic, EU-sceptic conservative party that has been in power since 2015 and is supported mainly by farmers, the less well-educated and the elderly in the Southeast. After taking power in 2015, the government launched the Polish version of the Family 500+ in 2016, providing generous support to low-income people. On the other hand, the political method is populist in that it seeks to increase its own support by creating enemies and inciting conflict. PiS has been warned by the EU about its adherence to the "rule of law" by refusing to accept opposition-leaning judges for appointments to the Constitutional Court, and has been increasingly exclusionary in its anti-abortion and anti-LGBT policies.

The Civic Platform (PO), on the other hand, is a pro-EU centre-right party that advocates moderate liberalism and has attracted the support of highly educated people in cities and the financial and industrial sectors. Donald Tusk, who served as prime minister between 2007 and 2014 and then as president of the European Council (2014 – 2019), was at one point widely supported by the public. However, the gap between urban and rural areas widened due to changes in the industrial structure and increased competition associated with pro-EU policies. Job insecurity associated with the expansion of irregular employment has led to the alienation of young people in urban areas and the refugee crisis that gripped the entire EU in 2015 also weighed on support for pro-EU parties.

Perhaps the biggest reason why PiS did badly was the economic slowdown. The slump was attributed to the spread of the coronavirus between 2020 and 2021 and the subsequent acceleration of inflation and a decline in real incomes, surging interest rates, and a decline in the economy due to the intensifying conflict with the EU and the suspension of funds.

It may also be due in part to the widespread concern among the public that democracy was being threatened as the PiS approach to governance became more authoritarian as described above. Originally, it was pointed out that Poland had a low voter turnout and was indifferent to politics, but the turnout in this general election reached 72%, the highest since the regime change from socialism in 1989. It is also likely that the unprecedented 1 million member protest march in Polish history, which was led by the PO just before the election, was successful.

## PLN surged after post-election exit polls revealed

PLN rose about 1.8% against EUR on October 16 after exit polls showed the country was expected to return to a pro-EU path. In response to PiS's heavy-handed approach, the EU froze grants totalling €35.4 billion euros to Poland, saying the "rule of law" was being violated. For Poland, EU subsidies have been an important engine of growth, including the development of roads, railways and public facilities in schools and hospitals. Tusk, who is expected to return as prime minister, has said he will work to improve relations with the EU, and the surge in zloty could be due to growing expectations that EU subsidies will resume.

Of course, challenges remain. In particular, Duda, a PiS-aligned president, has the right to veto important bills. A 60% vote in the House of Commons would allow parliament to override the veto, but the three parties expected to form a coalition will probably not have 60% of the seats. Duda's term ends in 2025, which could make life a little more difficult for the new government initially.

## Remarkable event with a significance that could ripple beyond Poland

Nevertheless, the victory of the liberals in Poland is undoubtedly a remarkable event. Preventing the trend of successive populist electoral victories in Italy, Hungary and Slovakia. With the European Parliament elections scheduled for June 2024, this is a major step forward toward EU unity and continued support for Ukraine.

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