

POLISH ELECTION BRINGS HISTORIC CHANGE AS LIBERAL OPPOSITION AIMS TO UNSEAT RIGHT-WING RULING BLOC

Combined opposition result likely to end eight-year-long PiS rule, with opposition leader Donald Tusk likely to return as PM

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EXECUTIVE SUMMARY

Poland's opposition parties have secured a solid victory in the country's much-anticipated parliamentary elections, bringing a likely end to eight years of right-wing populist rule in Warsaw. In an election result viewed internationally as a victory for liberal democracy, the ruling Law and Justice party (PiS) finished first at the polls but fell short of securing a majority in parliament.

The ruling bloc is likely to make a last-ditch attempt to secure remain in power, which will most likely prolong the road to a new government, however the lack of PiS allies should eventually allow Poland's ideologically and structurally diverse opposition to form the country's next cabinet. This scenario entails the eventual return of centrist-liberal ex-Prime Minister Donald Tusk, the leader of the main opposition Civic Coalition alliance (KO), as PM by the end of this year.

In addition to the KO, an incoming Tusk-led government could be supported by the centrist-agrarian Third Way alliance and Lewica, a left-wing multi-party alliance. With such an experimental coalition at the helm, political stability will likely be tested even in the short term and will remain a key issue to monitor. However, all three moderate opposition formations are united in their efforts to prevent PiS from returning to power, which will likely keep the incoming coalition together.

The incoming government is widely expected to improve Poland's strained relations with Brussels and, eventually, implement a series of EU-required reforms necessary to unlock €35.4 billion in post-pandemic EU recovery funding. As PM, Tusk will likely also look to reset Warsaw's relations with France and Germany, whilst maintaining Poland's historically strong ties to the US and repairing relations with Kyiv after recent setbacks.

 Below, Aretera takes deeper look at the aftermath of 2023's most anticipated European election, Poland's post-election landscape, the possible forward scenarios, as well as short-term political and policy implications.

POST-ELECTION LANDSCAPE

On 15th October, Polish voters went to the polls to elect the members of the country's bicameral legislature, the 460 members of the Sejm (lower house) and the 100 members of the Senate (upper house). The results hold crucial implications for Central Europe's largest EU/NATO member state, bringing historic political change.

With [100% of the votes counted](#) and the largest ever turnout in the history of Polish democracy, the right-wing populist Law and Justice party (PiS) of Deputy Prime Minister Jaroslaw Kaczynski, which has been governing Poland since 2015, has finished first at the polls but fallen short of a parliamentary majority. Running in an alliance with smaller right-wing parties as the leading force of the nationalist-conservative United Right bloc, PiS secured 35.4% of the popular vote against its main electoral rival, the ideologically diverse Civic Coalition (KO) of centrist-liberal ex-Prime Minister (2007-2015) Donald Tusk, which received 30.7%. Despite gaining more than a million voters, support for the ruling bloc fell by nearly 8% compared to the 2019 election, while the Tusk-led KO picked up 1.5 million more votes and increased its voter share by more than 3%.

Three other formations entered the country's parliament, critically so in terms of how the next government will be formed: the Third Way alliance of the centrist-liberal Poland 2050 movement and the agrarian Polish Coalition (14.4%), Lewica, a left-wing multi-party alliance (8.6%) and the nationalist-libertarian Confederation (7.2%). The Third-Way alliance significantly out-performed [pre-election polling averages](#) and is now the true kingmaker of this election. Simultaneously, the far-right Confederation significantly underperformed, well below its own expectations.

ELECTION RESULTS

Parliamentary Election Results Breakdown				
Party/Alliance	Popular Vote – October 2019 (%)	Popular Vote – October 2023 (%)	Number of MPs	Number of Senators
United Right (right-wing populist, soft Eurosceptic)	43.4	35.4	194	34
Civic Coalition (catch-all, pro-EU, multi-party alliance)	27.4	30.7	157	41
Third Way (centrist-liberal, agrarian, multi-party bloc)	ran separately	14.4	65	11
Lewica (centre-right to left-wing, six-party alliance)	12.6	8.6	26	9
Confederation (nationalist-libertarian, Eurosceptic)	6.8	7.2	18	0
Senate Pact Independents*	-	-	-	5*
Total			460	100

*Four of the five independents were KO-endorsed candidates. Popular vote results reflect votes cast for Sejm party lists. Senate Pact Independents include candidates supported by the moderate opposition. Threshold for single parties: 5%. Threshold for alliances: 8%. Turnout: 74.14%. Source: [NEC of Poland](#)

In parallel with the parliamentary election, Poland organized [a referendum on a series of government-initiated questions](#), including migration, the privatization of SOEs and the retirement age. Critics point out the questions were designed to hit the main opposition KO for alleged policy failures during previous Tusk-led governments. However, turnout for the referendum was only 41%, well below the 50% threshold needed to make the results constitutionally binding.

WHAT'S NEXT?

Despite no clear options to a majority, the ruling bloc will likely make a last-ditch attempt to stay in power. In line with the country's political tradition and his own post-election statements, Polish President Andrzej Duda, also a former PiS member, looks set to grant election-winner PiS the first attempt to form a government either later today or tomorrow (18th October). Despite this, the ruling PiS – taking the new composition of the Polish parliament into account – is now certain to go into opposition as it does not have a majority in the lower house. In spite of a certain level of ideological proximity between PiS and the nationalist-libertarian Confederation, both formations have ruled out a joint coalition, while Third Way and Lewica are likely allies of the Tusk-led KO.

Regardless, the ruling bloc will likely attempt to form a majority and has already reached out to the agrarian Polish People's Party (PSL), the key formation leading the agrarian bloc of the Third Way alliance. However, PSL leader Władysław Kosiniak-Kamysz and other senior PSL figures were quick to reject this offer. PiS may continue to search a path for a new majority by courting individual MPs from all sides of the aisle. This approach, however, has little chance of succeeding as they would need as many as 19 MPs to change sides. Taking this route, though, will give PiS around 30 days to set straight any items left on their agenda. Should PiS, as expected, fail to form a government, the Polish Constitution requires the country's parliament to designate another candidate for PM.

The opposition is likely to form the next government. Following an expected PiS failure to secure a majority, President Duda is likely to eventually invite KO leader Donald Tusk to form a new government. Alternatively, the politically rival President may choose to invite PSL leader Kosiniak-Kamysz – the kingmaker of this electoral contest – to give PiS additional room for maneuver, however this is unlikely to be successful in preventing a government supported by the opposition. Combined, the three opposition blocs control an estimated 248 of the 460 MP seats in the lower house of parliament, well above the sufficient number needed to give confidence to a new cabinet.

Tusk himself is likely to return as Prime Minister, while the future coalition agreement is likely to involve a generous offer to the Third Way alliance, which has proved instrumental in the joint opposition victory. Such a coalition would mean a structurally and ideologically diverse governing alliance of multiple formations across the aisle, since all three opposition alliances include a number of different political parties. This indicates political instability emerging as a potential risk already in the short term, however all three incoming formations in the new governing coalition are united in preventing PiS from returning to power, which could bind the members of the new ruling bloc together.

The new government may not be formed until the very end of 2023. With two likely upcoming attempts to secure a new majority in parliament and in view of the country's constitutional requirements, the formation of Poland's next government could take up to 72 days, with the first session of the new parliament expected as late as mid-December, simultaneously with the first vote of confidence. Assuming that the ruling PiS will be unsuccessful in garnering a majority, a second vote of confidence, which could eventually result in an opposition-led government, could be held as late as 28th December.

Despite their recent electoral setback, PiS remains the largest political formation both in the country and the Polish lower house. PiS will present strong opposition to the new government, so will President Duda, which could cause legislative deadlock, particularly around issues related to the media and the rule of law. In parallel, the fifth-place Confederation is likely to take a more radical approach as its inner critics consider their latest result as a failure of the party's moderate wing.

WIDESPREAD POLITICAL IMPLICATIONS

Poland's European partners have largely welcomed the election results (and Tusk's subsequent return). A key international takeaway from the parliamentary election is that Tusk, who served as PM between 2007 and 2015 and went on to serve as President of the European Council between 2015 and 2019, will return not only as the head of government of Central Europe's largest EU member state but also potentially as one of the most influential Prime Ministers in the European Council. His likely return as PM is also a major boost for the centre-right European People's Party ahead of the upcoming European parliamentary elections in June 2024.

An incoming Tusk Government will positively impact Poland's strained relations with Brussels. Under PiS-led governments, Warsaw – mainly over the alleged deterioration of the rule of law – has been locked in long-running disputes with EU institutions, leading to the freezing of the country's post-pandemic recovery funds. A Tusk-led government will likely initiate EU-required reforms and other measures to repair the country's ties with Brussels and to unlock €35.4 billion in recovery funds needed for strengthening economic growth.


In the short term, the new government is also expected to focus on improving relations with Ukraine after [recent setbacks over disputes about Ukrainian grain imports](#). Historically strong Polish-American relations, highly prioritized by the PiS governments, are unlikely to change, however Tusk may look to reinvigorate his country's previously strong partnership with Berlin and Paris. The Visegrád Group, in which Poland is the largest member, is likely to be less prioritized, given political disagreements with Hungarian Prime Minister Viktor Orbán and incoming Slovak Prime Minister Robert Fico over Russia and other issues.

IMPLICATIONS FOR BUSINESSES

The upcoming change of government means considerable changes for Poland's corporate sector and community of investors. For international businesses, political instability will remain a key concern, given the diversity of the incoming ruling parties. The endurance of the incoming coalition behind Tusk is likely to be tested already in the short term, however Aretera expects the new ruling bloc to remain united due to their opposition to PiS. In the short term, the new government is likely to start with reversing PiS-era policies, prioritizing domestic issues and delivering on symbolic measures. Nonetheless, long-term policy considerations and the opposition's [election promises for their first 100 days in government](#) require investors to continuously monitor the political environment.

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If you would like to schedule a discussion of this paper, please contact:
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