



Weekly Briefing

Poland political briefing:
Donald Tusk is the prime minister of the new government
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Summary

The most important event of the past 2023 in Poland was the end of the eight-year rule of the United Right. However, as a result of the parliamentary elections in which the ruling Law and Justice Party (PiS) won, a coalition of opposition parties took over the rule of the country, winning a majority in parliament. After a two-week minority government of the incumbent Prime Minister Mateusz Morawiecki, who, however, did not have a parliamentary majority, the Sejm elected opposition leader Donald Tusk as Prime Minister. The new Prime Minister introduced the composition of the new government and presented his cabinet's key programme demands and visions for his rule.

The past year was marked by an election campaign ahead of the parliamentary elections, which sharpened the level of public debate in Poland. Emotions in domestic politics included the Polish government's dealings with the European Commission over the acquisition of billions of euros in EU funds from the National Reconstruction Plan, the issue of an influx of illegal immigrants to Poland, and the dispute over media accusations against Pope John Paul II of covering up cases of pedophilia in the Church. Economic issues were dominated by the fight against inflation, but in September there had already been a radical reduction in interest rates by the Central Bank. The government also introduced a cheap 2 per cent loan for young people to buy a flat. The level of the budget deficit has also increased. The Polish economy, despite a relatively high level of inflation, is likely to record a positive level of GDP growth and one of the lower levels of unemployment in the EU.

Introduction

On 11th of December, the majority of the Sejm (lower house of parliament) appointed the leader of the largest opposition party, the Civic Coalition (KO), Donald Tusk, who had already held the post from 2007 to 2014, as head of government. A day later, Donald Tusk won a vote of confidence in his government, thanks to the support of three opposition groupings: Civic Coalition (KO), New Left (NL) and Third Way (TD). In his expose, the new Prime Minister presented the new Council of Ministers and the government's plans.ⁱ

The "15th of October" coalition was formed

The Prime Minister Donald Tusk said during his expose that the October parliamentary elections were a day of "rebellion and democracy". The politician compared the date to 4 June (Poland's first partially free elections in 1989), as "the Polish women and men elected a new parliamentary majority, which he called the '15th of October coalition'.

The new Prime Minister cited a manifesto which, he estimated, "could replace his expose". The author of the words is Piotr Szczęsny, a man who self-immolated near the Palace of Culture and Science in Warsaw on 29 October 2017 in an act of protest. Among other things, he demanded respect for democracy, the constitution, civil liberties, the independence of the courts, respect for minority rights and protested against the weakening of Poland's position in Europe. - I want us to remember everyone, without exception - the victims of violence, contempt, hatred and conflict so that 15 October will be the beginning of a revival of the spirit of authentic solidarity and respect for the rights of a community in which people differ," said the head of government. Donald Tusk said that what builds a community is democracy, law and the Constitution. - This is something that we must respect without exception, in order to be able to differ on other issues, safely and respectfully, he stressed.

- Things are getting really dangerous in the world. A nation that is divided, that does not recognise common rules, is much more at risk of the conflicts that rock our world. If we are as divided as we have been in recent years it is as if Poland is twice as small. This challenge before us requires the full concentration of forces," Donald Tusk declared, adding that for his government "the absolutely key thing is to establish foundations that can be considered common".

The government's programme

The new prime minister presented the government's programme, which is supposed to be 'painfully concrete' because 'the Poles wrote it'. Enumerating further promises of the new government, the Prime Minister ensured that his cabinet undertook to deliver, among other things:

- maintaining the social benefits introduced by the Law and Justice Party
- the unblocking of European funds under the National Reconstruction Plan

- increases of 30 per cent for teachers and university teachers from 1 January 2024,
- 20 per cent pay rises for the public sector,
- a second indexation of pensions if inflation exceeds 5 per cent,
- a new so-called granny benefit of around €340 per month for women with children under three who return to the labour market
- a responsible fiscal policy of the government (Donald Tusk has announced the appointment of a Fiscal Council, in which neutral people will sit and will give an opinion on government spending)

The Prime Minister Donald Tusk also presented the composition of the new government. Władysław Kosiniak-Kamysz (the President of the Polish People's Party - Trzecia Droga) will be the Minister of National Defence and First Deputy Prime Minister, Krzysztof Gawkowski (New Left) will be the Minister of Digitalisation and Second Deputy Prime Minister, and Radosław Sikorski will be the Minister of Foreign Affairs (he held this office between 2007 and 2014 when Donald Tusk was Prime Minister).

On 11th of December (before MPs elected Donald Tusk as Prime Minister), the Law and Justice (PiS) government's expose was delivered by Prime Minister Mateusz Morawiecki who, in accordance with Polish law, was appointed by President Andrzej Duda (PiS won the parliamentary elections). Morawiecki spoke of the PiS government's economic successes.ⁱⁱ Mateusz Morawiecki's government, however, did not receive a vote of confidence in parliament, so it was up to the parliamentary majority to choose Tusk as prime minister.

Parliamentary elections results

Parliamentary elections took place in Poland in November 15 . Despite the election victory of the ruling Law and Justice Party (PiS), the three cooperating opposition groups (The Civic Coalition, the Third Way and the Left) won a majority of seats in the Sejm (lower chamber of Polish parliament) giving them the opportunity to form a new government. They have signed a coalition agreement, according to which the Civic Coalition (KO) leader Donald Tusk was the candidate for prime minister. During the first session of the new Sejm, Szymon Holownia, leader of the Poland2050 (the Third Way) grouping, was elected Speaker of the Sejm. Earlier,

President Andrzej Duda commissioned a mission to establish a new government incumbent Prime Minister Mateusz Morawiecki (PiS), representing the winning grouping.

Poland's parliamentary elections were won by the incumbent ruling Law and Justice Party (PiS) winning 35.38 percent of the vote. The Civic Coalition (KO) won 30.7 percent, the Third Way (TD) won 14.4 percent, the New Left (NL) - 8.61 percent, and the Confederation - 7.16 percent of the vote. Only these groupings exceeded the 5 percent threshold to guarantee a presence in the Sejm. Opposition groups, which established the coalition (KO, TD, NL), won a total of 248 seats out of 460 (KO - 157 seats, TD - 65, NL - 26). The Law and Justice party won 194 seats, and the Confederation won 18. In the upper house of the Polish parliament - the Senate, there is 66 opposition representatives (some independent, but supporting the opposition) and 34 senators from the PiS party. Turnout in the elections to the Sejm was 74.38%, the highest turnout in a parliamentary election in Poland since 1989. The result of the Polish elections testifies to a clear desire for a change of power in the country, after a period of 8 years of rule by the United Right coalition. This was determined by the huge mobilization of opponents of PiS government, especially the youngest voters and women's.

Illegal migration and security the main topics at the end of the election campaign

At the finish of the Polish election campaign, a radical polarization of the Polish political scene was taking place. Both those in power and the main opposition powers describe this election as the most important since 1989. It is a clash of two personalities - the leader of the ruling camp, deputy prime minister and leader of Law and Justice (PiS) Jaroslaw Kaczynski, and Donald Tusk, leader of the largest opposition party Civic Platform (PO). Substantive issues were being sidelined here. The final days of the campaign are based primarily on emotions and portraying the opponent as "evil incarnate" threatening Poland. An important element at the end of the campaign were issues of migration policy and security. An important event was the "Million Hearts March" organized by a significant part of the opposition in Warsaw on October 1, which gathered at least several hundred thousand participants. In the final days of the campaign, two of Poland's top military commanders also resigned, what should have strong influence for final elections results.

Referendum combined with parliamentary election

In September parliament decided this year's parliamentary elections in Poland, will be combined with a nationwide referendum. The PiS government has decided that it will ask the opinion of Poles on issues such as the admission of illegal immigrants to Poland, raising the retirement age, dismantling the wall on the border between Poland and Belarus and selling state property into private hands. The referendum was part of the Polish election campaign and aims to mobilize an electorate close to the ruling Law and Justice Party (PiS) on issues on which Polish society has fairly crystallized views. The referendum was criticized by the opposition, which sees it as part of the ruling party's election campaign, and the referendum questions as biased. Ultimately, 42 percent Poles voted in the referendum, and as a result it was not binding

Jarosław Kaczyński returns to government, commission on Russian influence in Poland

In June, the leader of Poland's ruling camp, Law and Justice (PiS) Chairman Jaroslaw Kaczynski returned to the government. He was the only deputy prime minister in Prime Minister Mateusz Morawiecki's cabinet. Ministers Mariusz Blaszczak (Minister of Defense), Jacek Sasin (Minister of State Assets), Piotr Gliński (Minister of Culture and National Heritage) and Henryk Kowalczyk (Minister without portfolio) resigned as Deputy Prime Ministers. They will, however, remain as ministers. The decision has to do with the parliamentary elections. Kaczynski's presence in the government was a response to friction in the government camp and is aimed at giving the party a stronger grip on its electoral strategy before elections.

In June, President Andrzej Duda signed a law establishing a parliamentary commission to investigate Russian influence in Poland between 2007 and 2022. Among other things, the commission was able to deprive an accused person of the right to hold public office, related to the management of public funds, for up to 10 years. The establishment of the commission has sparked protests from the opposition, which believes it is directed against the opposition leader, former Prime Minister Donald Tusk. The European Commission and the U.S. State Department have also expressed concern over the commission's appointment. In the face of these voices, the President Andrzej Duda has filed an amendment to the law on the commission significantly easing its powers. Those in power are concerned that strong public criticism of the

commission's establishment effected for their electoral support. Members of the commission, who published a partial report critical of politicians of Donald Tusk's new government, were dismissed by the new parliamentary majority, but the commission itself was not closed.

Discussion on funds from the National Reconstruction Plan

Polish politics has been dominated since the beginning of the year by a drawn-out dispute with the European Commission over the raising of billions of euros in funds from the EU Reconstruction Fund. The government of PiS has softened its rhetoric in its talks with Brussels and, following talks with the European Commission, has proposed an amendment to the Judiciary Act, which is intended to respond to Brussels' expectations and may help to unlock funds for Poland. The Commission accuses Poland of restricting the independence of the judiciary and imposes regular fines on Poland for non-compliance with EU Court of Justice rulings on the matter. The law, adopted by the Polish parliament, was causing political tensions between the government and the opposition in Poland, but also within the government. The topic of EU funds was also an important issue in parliamentary elections in Poland.

In March The President Andrzej Duda has referred to the Constitutional Court a law on the Supreme Court. This means that until it is considered by the Court, it will not be in force. The President considered that the proposed provisions of the Act may be incompatible with the Polish Constitution. The disputes within the Court have political overtones related to internal frictions within the ruling camp. The Tribunal issued a ruling on the Supreme Court Act only on December 12, just after Donald Tusk was elected head of government. He ruled that the act was inconsistent with the Polish constitution, which meant it could not enter into force. However, the matter of paying Poland billions of EU funds will most likely accelerate after comes to power of the a new government, which has good ratings in Brussels and announces changes in the Polish judiciary. Poland has already received the first advance payments of EUR 5 billion.

Controversy surrounding the takeover of Lotos by Saudi Aramco

In February a great deal of controversy regarding Polish energy security and economic interests has been caused by information revealed by the Polish media about unfavourable -

according to many experts - provisions in the contract between Poland's largest oil company Orlen and the Saudi company Saudi Aramco. The agreement relates to Saudi participation in the Lotos refinery in Gdansk, which Orlen had previously acquired. Concerns surround the Saudi company's cooperation with Russia. Controversy also surrounds the value of the deal, which some experts and opposition politicians believe was too low.ⁱⁱⁱ The sale of Lotos by Orlen was a condition for the European Union to merge these two large Polish fuel companies.

The government on Poland's economic situation

In March The Prime Minister Mateusz Morawiecki presented key data on the Polish economy. According to him, the Polish economy has successfully survived the pandemic and the war. Last year's budget deficit, the Polish government reported, turned out to be more than half as large as expected. Tax revenues also increased, and Poland recorded the one of the lowest unemployment in the European Union. Critical of these assessments, economists point to the failure to take into account the impact of one of the highest inflation rates in the Union on the increase in budget revenues, and the government's accounting efforts to increase state spending through special purpose funds, which are not included in the state budget.^{iv} In May The government has amended the Polish budget for 2023. It assumes an increase in the budget deficit and the planned level of inflation, as well as reduction of economic growth forecasts. Among other things, allowances paid to teachers, judges and support for local governments was increased. Commentators linked these changes to the upcoming parliamentary elections this year. Increased spending also includes subsidies for farmers and the cost of arms spending.

Measures to stimulate the housing market

In April The Polish government was taking active steps to stimulate and properly regulate the Polish housing market, which remained stagnant due to rising interest rates limiting the creditworthiness of Poles. This has resulted in a stagnant real estate market. The Polish parliament issued the low-cost 2 per. credit, which would be subsidized by the state. The offer is aimed in particular at young people planning to buy their first apartment. The new law eliminated the tax paid by buyers of their first apartment on the secondary market, as well as broader regulation of the development market, which would require a higher standard of

apartments to be built and eliminate abuses by developers when reserving units. Funding for local governments to build public housing has also been increased.

Significant reduction in interest rates of the National Bank of Poland

In September The Monetary Policy Council of the National Bank of Poland (NBP) decided in to cut interest rates very sharply. The NBP's reference rates fell by 0.75 percent and now stand at 6 percent. Such a strong reduction came as a surprise to economists. NBP President Adam Glapinski said the time had come for rate cuts, since September inflation in Poland will most likely be in the single digits.

Intel to invest \$4.6 billion in chip factory in Poland

Intel, the world leader in the processor industry will build a chip factory in Poland. It will be a test center. The planned investment is the largest in Poland's history and will be worth about \$4.6 billion. The investment marks Poland's joining the global chip supply chain and has great geopolitical significance. Microsoft and Google are also investing in cloud technology centers in Poland. Intel plans to build a chip factory in Miękinia, near Wrocław in western Poland, which is expected to cost \$4.6 billion and create 2,000 jobs at the company itself and thousands more at its suppliers. The new plant is expected to meet growing demand for integrated circuits and help meet EU targets in this area.^v The plant is to be well connected to an existing chip factory in Ireland and a planned one in Germany. It will test semiconductors produced in those countries.

Conclusion

The year 2023 in Poland was dominated by parliamentary elections. Discussions around relations with the European Union, migration policy, security issues or economic programmes were subordinated to its logic. As a result of the elections, there was a change of power and an end to the 8-year rule of the United Right. The elections, despite the victory of Law and Justice, showed the huge dissatisfaction of Poles with the policies of the authorities, which was reflected in the huge electoral mobilisation of the government's opponents. The parliamentary majority that emerged from the elections elected the leader of the opposition, Donald Tusk, as Prime Minister, marking a radical change in the country's domestic policy, as well as a significant shift in European relations.

Poland's economy in 2023 is performing relatively well compared to other European countries and is likely to achieve positive GDP growth. The level of inflation from double-digit levels by the middle of the year (one of the highest levels in the European Union) had already fallen to single-digit levels by the 3rd quarter of the year. Unemployment was at one of the lowest levels in the European Union.

i [Information portal Interia.pl https://wydarzenia.interia.pl/kraj/news-donald-tusk-zakonczył-expose-zapamietalem-jedna-lekcje,nld,7204697#utm_source=paste&utm_medium=paste&utm_campaign=chrome](https://wydarzenia.interia.pl/kraj/news-donald-tusk-zakonczył-expose-zapamietalem-jedna-lekcje,nld,7204697#utm_source=paste&utm_medium=paste&utm_campaign=chrome)

ii [TH TVP Info TV Portal https://www.tvp.info/74687825/expos-premiera-mateusza-morawieckiego-co-powiedzial-szef-rzadu-posiedzenie-sejmu-11-grudnia](https://www.tvp.info/74687825/expos-premiera-mateusza-morawieckiego-co-powiedzial-szef-rzadu-posiedzenie-sejmu-11-grudnia)

iii [The TVN24 TV portal https://tvn24.pl/biznes/z-kraju/umowa-orlenu-z-saudi-aramco-w-sprawie-lotosu-ustaleni-dziennikarzy-czarno-na-bialym-komentuja-pawel-olechnowicz-i-piotr-wozniak-6510225](https://tvn24.pl/biznes/z-kraju/umowa-orlenu-z-saudi-aramco-w-sprawie-lotosu-ustaleni-dziennikarzy-czarno-na-bialym-komentuja-pawel-olechnowicz-i-piotr-wozniak-6510225)

iv [The economic portal BusinessInsider.com.pl https://businessinsider.com.pl/gospodarka/premier-odkryl-tajemnice-budzetu-oto-oficjalne-dane-o-deficycie/kpevr06](https://businessinsider.com.pl/gospodarka/premier-odkryl-tajemnice-budzetu-oto-oficjalne-dane-o-deficycie/kpevr06)

v [The Economic portal BusinessInsider.pl https://businessinsider.com.pl/biznes/intel-wybuduje-pod-wroclawiem-wielki-zaklad-polska-wchodzi-do-gry-o-rynek/vd7cl3t](https://businessinsider.com.pl/biznes/intel-wybuduje-pod-wroclawiem-wielki-zaklad-polska-wchodzi-do-gry-o-rynek/vd7cl3t)