



CRS Report for Congress

Poland's New Government: Background and Issues for the United States

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Summary

After a governmental deadlock caused by intra-coalition squabbling, Poland held snap parliamentary elections on October 21, 2007; the vote was seen by many as a referendum on the governing style and policies of the then-ruling Law and Justice party. Under that government, the presidency and prime minister's post were held by twin brothers Lech and Jaroslaw Kaczynski. Their government's nationalist policies caused controversy domestically and in the international arena as well. Many observers believe that under the new center-right Civic Alliance-led government, domestic policies will change more in tone than in substance. Poland's relations with neighboring states and the European Union are expected to improve, but ties with the United States may become more complicated. This report may be updated as events warrant. See also CRS Report RS22509, *Poland: Background and Policy Trends of the Kaczynski Government*.

Political Situation and Economic Conditions

In snap elections on October 21, 2007, Poles turned out the rightist Law and Justice (PiS) party, which had ruled the country for a tumultuous 15 months.¹ Led by identical twins Jaroslaw and Lech Kaczynski, who served as Prime Minister and President, respectively, PiS had held a slight lead in early polls, but an unusually strong performance by opposition leader Donald Tusk in a nationally televised debate with Jaroslaw on October 15 apparently convinced many Poles that they should turn the reins of government over to Tusk and his party. On election day, Tusk's center-right Civic Alliance (PO) won a 41.5% plurality; PiS captured 32%, while the Left and Democrats (LiD) picked up 13%, and the Polish Peasants' Party received 8.9%.

The vote, held a full two years ahead of schedule, was prompted by the collapse of the PiS-led government. After the late 2005 elections, the Kaczynskis' party had ruled

¹ "Official Results of Polish Election." *Reuters*. October 23, 2007. Also see CRS Report RS22509, *Poland: Background and Policy Trends of the Kaczynski Government*, by Carl Ek.

together with the populist-nationalist Self Defense (SO) party, and the League of Polish Families (LPR), an ultra-conservative party aligned with the Catholic church. The two smaller parties had at times blocked PiS initiatives. The coalition was dissolved in early August 2007, when members of SO withdrew from the government after their leader, Andrej Lepper, was fired from his cabinet post on bribery charges. When LPR also left the coalition, PiS was left with just 150 members in the 460-seat lower house of parliament, and decided to call elections in hopes of strengthening its mandate.

The decision to hold early elections proved to be a political miscalculation by Jaroslaw, who underestimated popular dissatisfaction with his government and the consequent determination of Poles to oust PiS. Turnout on election day was 55.3% — the largest since the end of the communist era. This unprecedented voter participation, particularly by young people, is considered to have been a key factor. Although PiS received more votes in 2007 than it had in the 2005 elections, the increase came largely at the expense of its former coalition partners, SO and LPD, neither of which managed to pass the 5% threshold necessary for representation in parliament. In addition, the increase in PiS votes was more than offset by the big jump in turnout — 15% over earlier elections. Tusk's party won 209 seats, and its coalition partner, the centrist Polish Peasants Party, took 31; together, they hold a comfortable majority in parliament, and Tusk was sworn in as Prime Minister in November 2007. However, the new government will likely face staunch resistance on some issues from President Lech Kaczynski, whose term runs until 2010. Since a 60% vote is necessary to override a presidential veto, the government may need occasional help from the leftist LiD.²

Some analysts believe that the elections reflected a tug-of-war between the emerging liberal (i.e., free-market) Poland, embodied by Tusk's PO, and the Poland of "social solidarity," which advocates continued government intervention in the economy represented by PiS. However, on a practical level, many Poles believed that, rather than addressing needed reforms, PiS had embarrassed Poland internationally and had wasted precious time and resources in its hunt to expose members of the so-called *Uklad* — the "web" of former communist elites that the Kaczynski brothers were convinced had manipulated successive governments from behind the curtain since 1989. In addition, PiS's conduct during the campaign was criticized by both domestic and international media. The *Financial Times*, for example, claimed that the former ruling party " ... resorted to blatant abuse of power: dominating state television, threatening opponents with legal action and using confidential police files to blacken rivals' reputations." During October presidential debates, Tusk asserted that "Poles at home and abroad feel ashamed for the last two years."³

Some have argued that PO's approach to governance — and to international relations — likely will differ more in style than in content from the outgoing regime. PO's coalition partner, the Polish Peasants' Party (PSL), is a centrist party that seeks to advance

² "Elections in Poland: Victory without a Clear Sense of Defeat." *Central Europe Digest*. Center for European Policy Analysis. October 31, 2007.

³ "The October 2007 Elections: A Victory for Liberal Poland?" *Central Europe Digest*. Center for European Policy Analysis. November 15, 2007. "Poland's Political Punch-up." *Financial Times*. October 18, 2007. "Kaczynski vs. Tusk: Debate Highlights." *Polish News Bulletin*. October 18, 2007. The Crazy Kaczynskis. *Maclean's*. October 1, 2007.

rural interests. Some analysts have predicted that the coalition partners might disagree on domestic proposals such as social security reforms and the introduction of a flat tax, and over international issues, such as acceptance of proposed reductions in the EU's Common Agricultural Policy budget.⁴

Poland's economy is among the most successful transition economies in east central Europe; most of the post-1989 governments have generally supported free-market reforms. Today the private sector accounts for over two-thirds of economic activity. In recent years, Poland has enjoyed rapid economic development, and the economy has performed well in spite of the political turmoil. GDP grew by 6.2% in 2006, around 6.6% in 2007, and is predicted to rise by 5.2% in 2008. The employment picture has brightened; though still high at 11.4% in December 2007, joblessness is at its lowest level in several years. Analysts attribute the reduction to improved job prospects and also to the emigration of 1-2 million Polish workers, mainly to other EU countries.⁵

Despite its center-right label, PiS was characterized as having somewhat statist economic policies. For example, it espoused that "national champions" in certain sectors be identified and nurtured. In addition, PiS sought to revise the previous, leftist government's reforms that had introduced greater flexibility in the labor code. However, some observers contend that economic policy generally did not appear to be a priority for PiS, perhaps because most of the major indicators were positive.

PO is often referred to in the media as "business-friendly." In fiscal policy, the new government may seek to curtail certain subsidies and redirect spending toward such areas as education. For now, it has apparently backed away from its campaign promise to institute a flat tax, as has been done in other countries in the region; such a plan would have encountered resistance from the PSL. Instead, the government has opted to reduce tax brackets from three to two. PO has also announced that it will seek to move ahead with the privatization of state-owned enterprises, and to install competent managers — rather than political cronies — in firms that remain under government control. Energy is one area where PO will maintain some of the policies instituted by PiS. Although PO is reportedly encouraging the resumption of privatization in the sector — which PiS resisted — it will continue the policy of seeking to reduce dependence upon Russia, which supplies a large part of Poland's gas and oil. For example, the PiS government instituted talks with Norway over laying a pipeline and constructing LNG (liquefied natural gas) terminals on the Baltic coast. In addition, Poland and the Baltic states are exploring a joint nuclear power project.⁶

⁴ "Poland's Election Winners Reach Deal On Coalition." *Agence France Presse (AFP)*. October 30, 2007. "Poland: Tusk Victory Might Not Bring Stability." *Oxford Analytica*. October 23, 2007.

⁵ Country Report: Poland. *Economist Intelligence Unit*. February, 2008.

⁶ "Poland: Only PO Will Push Necessary Reforms." *Oxford Analytica*. September 10, 2007. "Poland Looks At Norway As Energy Alternative To Russia." *International Herald Tribune (IHT)* January 27, 2006. "Poland Looking To Diversify Its Energy Sources." *IHT*. October 27, 2006.

Foreign and Security Policy

Over the past three years, Poland has contributed a significant number of troops to the U.S.-led operation in Iraq. Observers note that the deployment is providing the Polish military with invaluable experience, not the least of which includes commanding a multinational division. However, Poland's presence in Iraq remains unpopular at home — a recent poll showed 85% opposition to the deployment. To date, 21 Polish soldiers have died in Iraq. During the fall election campaign, candidate Tusk pledged to pull out Polish troops if elected; Jaroslaw Kaczynski countered that Poles were not “deserters or cowards.” On December 18, 2007, the new government requested that Poland's 900-troop presence in Iraq be extended until October 2008, at which time the soldiers would be withdrawn. Poland also has 1200 soldiers in Afghanistan — the new government proposes an additional 400 be dispatched there, although polls show clear public disapproval of the mission.⁷

Poland has been a member of the European Union (EU) since May 2004 and has already experienced economic benefits from membership, particularly in the agricultural sector. Nevertheless, Poland was not reluctant to assert itself in a number of issue areas before joining the EU, and was even less hesitant to do so when it became a member. Some analysts view the Poland-EU dynamic as the most important foreign policy issue for the last government, as it highlighted the inward-turning, populist tendencies of PiS. During its relatively short tenure, the Kaczynski government clashed with fellow EU member states on a number of issues, including energy, banking rules, voting rights, the death penalty, and Russia. In turn, Poland's EU partners back Poland on some issues, such as the meat ban, but not on others. Poland's intransigence during the negotiations over the EU reform treaty drew strong criticism. According to the *Financial Times*, Jean-Claude Juncker, Prime Minister of Luxembourg, “said Poland's stance at [the June 2007] summit was ‘very near to having been unacceptable.’”⁸ There may have been some political backlash to behavior of the PiS government as Poles became increasingly aware of the benefits of belonging to the EU — not only of the generous subsidies, but also of unimpeded travel and trade; a post-election poll showed 72% approval of EU membership. Prime Minister Tusk has indicated that he intends to consult more closely with fellow members on EU matters. However, although the tone of its debates with the EU may become less confrontational, Poland's new government will continue to staunchly defend Warsaw's perceived interests *vis-a-vis* Brussels. For example, the Polish Peasants Party reportedly will be negotiating budget reform of the Common Agricultural Policy, and will seek to fend off cuts in subsidies. Nevertheless, according to one analyst, Poland's new government “will think twice before vetoing EU decisions.”⁹

⁷ “Polish Election Foes Go Head-to-head Over Iraq.” *AFP*. October 12, 2007. “Poland Prepares Iraq Withdrawal For October 2008.” *AFP*. December 18, 2007. “Poland Raps NATO Members Over Afghan Commitments.” *Reuters*. February 4, 2008.

⁸ “At Talks On Europe's Charter, A Crisis Is Averted, For Now.” *New York Times*. June 23, 2007. “Germany Hits Out At Polish War Dead Claim.” *Financial Times*. June 27, 2007.

⁹ “The Polish Farewell — Charlemagne.” *The Economist*. December 1, 2007. “Poland's Second Return To Europe?” By Pawel Swieboda. European Council on Foreign Relations. December 20, 2007. [http://ecfr.3cdn.net/01803d4e3cb9b9a50b_ldm6b5y15.pdf]

The new government is set to cast a wider net internationally than its predecessor. At a recent meeting with foreign diplomats in Warsaw, Tusk indicated that, in addition to working more closely with the EU, his government will explore opportunities for greater regional cooperation through such forums as the Weimar Triangle (Poland-France-Germany), and the Visegrad Group (Poland-Slovakia-Hungary-Czech Republic). Poland may also seek to cooperate on energy matters with Georgia, Azerbaijan, and Kazakhstan. Finally, the Prime Minister announced he will travel to South America in 2008.¹⁰

Under the Kaczynski government, Poland's bilateral relations with Germany and Russia became strained at times. Poland raised alarm in the EU and NATO after Russia temporarily cut gas supplies to Ukraine and other states in 2006 and 2007. Many Poles were incensed over the Russo-German agreement to construct a natural gas pipeline through the Baltic Sea, rather than overland, through the Baltic states and Poland. During the 2005 presidential campaign, Lech Kaczynski said that, if elected, he would maintain a "firm but friendly" relationship with Russia. He also reminded Poles of the devastation wrought by Germany during World War II, but denied that raising this issue was an attempt to influence the election outcome. In mid-2006, Lech cancelled his attendance at a regional summit meeting after the German government, citing freedom of the press, declined to apologize for a German newspaper article satirizing the Kaczynski brothers.¹¹

Prime Minister Tusk has sought to effect a speedy improvement in relations with the two countries. In December, he traveled to Germany, where he met with Chancellor Angela Merkel. He also recruited Holocaust survivor and former foreign minister Wladyslaw Bartoszewski as an advisor, and tasked him with mending ties with Berlin. Several important bilateral issues, such as the proposed pipeline, are still pending, but the new government appears to believe they can be better solved through cooperation rather than confrontation. In his first major post-election address, Tusk mentioned the need for greater dialog with Russia. After the new government was settled in, two actions seemed to signal an improvement in relations: in late November, the Tusk government dropped Poland's objection to Russia joining the Organization of Economic Cooperation and Development, and the following month Russia announced that it would lift its two year-old restrictions on the importation of Polish meat.

Relations with the United States

Poland and the United States have historically close relations. Under successive governments since 9/11, Warsaw has been a reliable supporter and ally in the global war on terrorism and, as noted earlier, has contributed troops to the U.S.-led coalitions in Afghanistan and in Iraq. Poland also has cooperated with the United States on "such issues as democratization, nuclear proliferation, human rights, regional cooperation ... and UN reform."¹² During Prime Minister Jaroslaw Kaczynski's September 2006 visit to Washington, D.C., Secretary of State Condoleezza Rice described the two countries as

¹⁰ "Polish Premier Lists Foreign Policy Priorities." *BBC Monitoring European*. January 30, 2008.

¹¹ "Poland's President Says 'Shadow' Hangs Over Relations With Germany." *Associated Press*. August 30, 2006.

¹² U.S. Department of State. *Background Note: Poland*. November, 2007.

“the best of friends.” One month later, however, Tusk accused Kaczynski of servility toward the United States. Immediately after the elections, Tusk said he hoped for “better cooperation with the United States in which Poland will be a true partner.”¹³ Tusk highlighted two areas in particular: the Iraq conflict (see above) and missile defense.

Early in 2007, the Bush Administration began formal negotiations with Poland and the Czech Republic over a plan to establish missile defense facilities on their territory to protect against missiles from countries such as Iran; the plan would entail placing radar in the Czech Republic and interceptor launchers in Poland. Some Poles believe their country would risk being targeted by rogue state missiles and terrorist attacks because of the presence of the U.S. interceptors on their soil. In addition, many Poles are concerned over Russia’s vehement objections to the proposal. Former Polish Defense Minister Radek Sikorski reportedly pressed for a special security guarantee from the United States, as well as for Patriot missiles to shield Poland against short- and medium-range missiles.¹⁴

In July 2007, President Kaczynski stated that a missile defense agreement “is largely a foregone conclusion,” prompting some critics to fault him for approving the U.S. plan without having ensured that Poland’s interests would be sufficiently addressed. After the elections, Tusk was more circumspect about the plan, and there were indications that his government might wish to delay an agreement until after the November 2008 U.S. elections. On February 2, 2008, during a visit by now-Foreign Minister Sikorski to Washington, D.C., U.S. Secretary of State Rice voiced support for strengthening Poland’s air defenses. Although there was said to be agreement “in principle” on the missile defense issue, it is not expected that an accord will be signed when Prime Minister Tusk visits the United States in March.¹⁵

Finally, some Poles have argued that, despite the human casualties and financial costs their country has borne in Iraq and Afghanistan, their loyalty to the United States has gone largely unrewarded. Many have hoped that the Bush Administration would respond favorably by providing increased military assistance and particularly by changing its visa policy, which currently requires Poles to pay a \$100 non-refundable fee, and then submit to an interview at a U.S. embassy or consulate — requirements that are waived for most western European countries, which qualify to be included in the Visa Waiver Program.¹⁶

¹³ “Prime Minister’s Visit Highlights Poland’s Growing Role As U.S. Ally.” *State Department Press Releases and Documents*. September 14, 2006. “Polish Victor Demands Two-way Street In US Ties.” *AFP*. October 23, 2007.

¹⁴ “Sikorski Exit Is Bad For MD Bid.” *Oxford Analytica*. February 8, 2007. See also CRS Report RL34051, *Long-Range Ballistic Missile Defense in Europe*. Sikorski, who never joined PiS, resigned as defense minister in February 2007 after a disagreement with Jaroslaw. He subsequently joined the PO and became foreign minister under the new government.

¹⁵ “Poland Says U.S. Shield a ‘Foregone Conclusion.’” *Reuters*. July 16, 2007. Poland Signals Doubts About Planned U.S. Missile-Defense Bases On Its Territory. *New York Times*. January 7, 2008. No Poland-US Missile Deal Next Month: Defense Minister. *AFP*. February 2, 2008.

¹⁶ For more information, see CRS Report RL32221, *Visa Waiver Program*, by Alison Siskin.