

The Latvians will decide on the future of their Parliament on 23rd July next

from **Corinne Deloy**

Translated by Helen Levy

ANALYSIS1 month before
the poll

"Are you for or against the dissolution of parliament?" This is the question which 1.5 million Latvians are being called to answer in a referendum that will take place on 23rd July. This popular consultation follows the announcement made by outgoing President Valdis Zatlers on 28th May requesting the dissolution of the Saeima (the only chamber in the Latvian Parliament). To enter force dissolution must absolutely be confirmed by a popular referendum. If the Latvians answer "yes" on 23rd July the Saeima will be dissolved and new general elections will be organised, probably in September. In the event of the contrary the head of State will have to resign and the parliament will remain.

No quorum in terms of minimum participation is required to validate the referendum result that will be decided by the simple majority of the votes.

Another result of the outgoing Head of State's decision is that he was replaced on 2nd June last as head of State by Andris Berzins (close to the Union of Latvian Greens and Farmers Party, ZZS), elected by 53 of the 100 members of Parliament. Standing to be re-elected and with the support of Unity (V), Prime Minister Valdis Dombrovskis's coalition (which brings together New Era, led by Solvita Aboltina, the Civic Union led by Girts Valdis Kristovskis and the Society for Different Politics (SCP) led by Aigars Stokenbergs) and the National Alliance coalition that rallies All for Latvia (VL), Valdis Zatlers won 41 votes. He had said he was aware of the consequences that his decision might have on his chances of being re-elected to his post.

The shock of Valdis Zatlers' decision

On 28th May last the outgoing President of the Republic of Latvia informed his countrymen during a TV programme on the channel LNT of his decision to dissolve the Saeima, according to the powers he enjoyed in virtue of article 48 of the Constitution. "I want to give hope that things will change. We must put an end to be-

haviour that goes against the interests of the people of our country. This is why I wanted to tell you on live TV that I have signed the presidential decree requesting the dissolution of parliament and that I have submitted this to the Constitutional Court. The decree takes immediate effect," he declared.

Valdis Zatlers justified his act by the refusal of MPs on 26th May to lift the parliamentary immunity on businessman Ainars Slesers, leader of Latvia's First-Latvian Way (LPP-LC) and former deputy mayor of Riga, who is suspected of having paid and received bribes, of laundering money, of making false declarations and misuse of power. The vote of the members of the Saeima prevented the court from making a search of his home. Several companies, including the free port of Riga, Euroline and the Baltic Aviation System had already been searched. Ainars Slesers denies however that these companies, which do not appear in his tax declaration, belong to him and says they are the property of his business partner, Viesturs Koziols. On 20th May last the Office for the Prevention of Corruption (KNAB) launched an inquiry into allegations of money laundering, corruption, frau-

dulent transactions, abuse of power and false declarations involving several politicians. During a search of the house of Aivars Lembergs (ZZS), Mayor of Ventspils since 1988, who is being prosecuted for corruption and money laundering, the police seized documents concerning the People's Party (TP) leader, Andris Skele, and former Ministers Ainars Slesers. The parties of these two men merged together on 26th April 2010 within the movement called "For a Good Latvia".

"The Saeima's vote is a wake-up call that reveals a serious conflict between legislative power and legal authorities, the two of the three powers on which our country is based," said the outgoing President of the Republic of Latvia, Valdis Zatlers who said it was not the first time that the Saeima had defied the legal system, an allusion to the MPs opposition in April 2010 to the re-election of Janis Maizitis as General Prosecutor. "Parliament has lacked respect and defied the competence of the legal authorities. It has defended the interests of a group of people more than those of the State and people have seen that MPs have defended each other as a priority. The Latvians have made a great number of sacrifices – was this so that the State could be robbed? Politicians have to come to a new agreement with the people in order to act in the interest of the public. The Latvians want a cleaner political class which has fewer links with money," added the Head of State.

On 29th May, when asked about the names of the oligarchs he was accusing, Valdis Zatlers quoted the "Three A's" as it is custom to call them - Aivars Lembergs, Ainars Slesers, (Deputy Prime Minister, 2002-2004, Economic Affairs Minister, 1998-1999 and Transport Minister, 2004-2009) and Andris Skele (Prime Minister, 1995-1997 and 1999-2000); all three, who are both politicians and businessmen, have been the focus of police and legal enquiries over the last twenty years. Aivars Lembergs has accused Valdis Zatlers of lying and has said that the campaign against him was being funded by George Soros "who received the outgoing President of the Republic in

an extremely cordial manner when he was on a recent visit in New York."

Ainars Slesers believes that the dissolution of parliament is anti-constitutional. However he does not intend to appeal to the courts, believing that they will not take a decision before the referendum. "It is not the first scandal in which my name has been mentioned. Each of them leaves its mark, but I think that our voters are sensible," he declared.

On 26th May the coalition Unity led by Prime Minister Valdis Dombrovskis voted in favour of the lifting of parliamentary immunity on Ainars Slesers whilst his government partner, the Union of Latvian Greens and Farmers Party, (ZZS) was opposed to it. Mr Dombrovskis said that he had spoken seriously with his allies, whom he also accuses of having done everything for the law on the funding of political parties not to be approved. "We have reached a certain threshold and the government coalition may not survive another vote like this. This is a yellow card, two yellow cards equal a red," indicated the Prime Minister as he spoke to the MPs of the ZZS.

What are the consequences for Latvia?

Several options are open to Valdis Zatlers: he could found his own political party, join an existing party or even create a new NGO. The outgoing President is due to reveal what his plans are on 8th July next, the day that Andris Berzins succeeds him as head of State.

Valdis Zatlers has also decided to replace the traditional presidential reception for the end of his mandate on 3rd July by a public open air event in the Likteņdarzs Garden in Koknese town centre. This is not an innocent choice since the garden has a particular meaning for the Latvians: it symbolises the fight against totalitarian regimes that dominated the country in the 20th century. Moreover the Unity coalition, three parties of which will merge to form one single party on 6th August next, a decision lauded by the outgoing Head of State, has invited Valdis Zatlers to join it.

According to Andris Ozols, director of the Latvian Investment and Development Agency, the recent political events have had little effect on investor and economic analysts' behaviour. The latter recently congratulated the country for its return to the financial markets. Latvia has just issued euro-bonds to a total value of 500 million \$ (around 350 million €) on the international markets from which it had been absent for over three years. Edward Lucas, a journalist with *The Economist*, stressed that the country had emerged from financial instability, and that as a result the political crisis could be contained. Ratings agency Moody's has raised its outlook for Riga from stable to positive (Baa3). Exports and investments continue to progress and GDP growth rose to 3.4% over the first quarter of this year. Finally the budgetary deficit is due to reach 4.5% of the GDP this year and drop below the 3% mark in 2012 as required by the EU's Stability and Growth Pact.

On 16th June last the government ended the mandate of the head of the Office for the Prevention of Corruption, Normundus Vilinitis who had been appointed by the government of Prime Minister (2007-2009) Ivars Godmanis (Latvia's First-Latvia's Way, LPP-LC) at the beginning of 2009, thereby confirming the vote made by parliament a few days earlier. His deputy, Juta Strike, will ensure the interim until the appointment of his successor.

The political parties seem to want to come clean before the general elections which everyone expects will take place in the autumn. Most political analysts believe that the Latvians will confirm the decision to dissolve the parliament taken by Valdis Zatlers. "The parties who prevented the re-election of Valdis Zatlers may possibly get what they deserve in the next general election," stresses economic analyst Aidan Manktelow. According to the polls, early general elections could be advantageous to the nationalist parties, on the right and the left, as well as to Harmony Centre. A poll on 21st June gave Harmony Centre 18.5%, Unity 14.7%, the ZZS

10.5% and All for Latvia (VL), 8.8% in terms of voting intentions.

On 8th June last 6000 people rallied on the island in the centre of the capital, Riga, for the "burial ceremony of the oligarchs". The idea behind this event was to encourage Latvians to boycott the oligarchs, i.e. the refuse their favours, give up serving them in restaurants, not to put on the shows in theatres where they might go, refuse all employment in institutions where the oligarchs are present, etc. Those who came were also invited to read the press and emerge from their inertia. The organisers recently created an internet platform : www.manabalss.lv, (manabalss means "my voice" in Latvian) in order to motivate the population to take action notably via the signature of petitions. More than two thousand people have already voted in support of a draft amendment to the rules in the Saeima, which would facilitate the inclusion of any public initiative signed by at least ten thousand people, on the parliamentary agenda.

By deciding to convene a referendum Valdis Zatlers, who was the first President in Latvia's history to use his power to dissolve parliament, has become a hero in the opinion of some. Others however, regret that the head of State took the risk of plunging a country, that has already suffered greatly because of the global economic crisis, and which is struggling to find its way back to growth, into political disarray. And others believe that Valdis Zatlers, who feared that he would not be re-elected, has made a political coup by using dissolution as an exit gate. "Valdis Zatlers has broken twenty years of oligarch influence," declared the former President of the Latvia Republic (1999-2007), Vaira Vike-Freiberga. "The election of Andris Berzins is a massive step backwards in terms of the country winning its independence from the oligarchs", added the former Head of State. "I think that the Valdis Zatlers took an important decision in order to reduce significantly the role played the oligarchs in politics," said Prime Minister Valdis Dombrovskis.

J-7
7 days before
the poll

Former President of the Republic Valdis Zatlers creates his own political party

1.5 million Latvians are being invited to ballot on 23rd July next to vote by referendum on the future of their parliament. This popular consultation follows the announcement made on 28th May by the then President Valdis Zatlers that he was dissolving the Saeima (the only chamber of Parliament). To be effective this dissolution must absolutely be confirmed by popular vote. If a majority of citizens vote in favour on 23rd July the Saeima will be dissolved and new general elections will be organised, probably in September. In the event of the contrary Parliament will remain in office. No minimum participation quorum is required to validate the referendum result which will be decided by the simple majority vote.

Former President Valdis Zatlers justified his decision by MPs refusal on 26th May last to lift the immunity of MP Ainars Slesers, the leader of Latvia's First-Latvian Way (LPP-LC), who is suspected of paying out and receiving bribes, money laundering, false declarations and abuse of power. The vote by members of the Saeima denied access by the prosecutor to search his home.

Latvia has witnessed seven referenda since it won back its independence in 1991.

Valdis Zatler's political future

On 9th July, after quitting his presidential function, Valdis Zatlers officially announced that he would continue his political career and that he was creating a new political party, the Reform Party of Zatlers (ZRP) that lie centre-right on the political scale. The party's manifesto, which includes ten points, notably gives priority to the independence of the legal system, a healthy economy and strict monetary discipline.

"It is not a single man party, it is about listening to the people," declared the former Latvian president. He said that his party that is due to include around 8,000 members from civil society rather than from the political world, will be run differently. To date 700 people have asked to join. The party's inaugural congress will take place on 23rd July, on referendum day.

Valdis Zatlers said that he had decided to take this initiative after receiving many letters from Latvians asking him to continue his political career. Aivars Lembergs, Mayor Ventspils since 1988, who is under prosecution for corruption and money laundering, said that Valdis Zatlers had used the dissolution to bounce back from his failure to be re-elected as President in a

dignified manner. According to the Mayor of Ventspils he decided to prepare the future of his own political career using the dissolution of the Saeima. "Valdis Zatlers wants to be a hero with an anti-Lembergs slogan" he declared. As for Ainars Slesers he is now forecasting that Valdis Zatlers will win the next general elections with his new party.

Valdis Zatlers therefore refused the offer of joining forces on the part of Unity (Vienotiba, V), the coalition led by Prime Minister Valdis Dombrovskis, that includes New Era, (JL), the Civil Union and the Society for Other Politics (SCP). "I am not convinced that Unity is ready to work in a new parliament that does not include oligarchs," he said indicating that his views differed from those of Unity on several issues. Prime Minister Valdis Dombrovskis said that the former President and his coalition shared a similar vision of the country's future. The head of government said that the Latvian political scene was already extremely fragmented and that it did not seem wise to form a new party. Valdis Zatlers has however, not excluded cooperation with Unity in the future. "We shall not be adversaries but allies in the next general elections," declared Girts Valdis Kristovskis, chair of the Civic Union, one of the three par-

ties in the Unity coalition.

The former Head of State did however say that he refused all collaboration with the Greens and Farmers Union (ZZS), a party that is a member of the present government or with "For a Good Latvia", a coalition comprising Latvia's First-Latvia's Way and the People's Party (TP), as long as the oligarchs are members of this coalition. When interviewed about possible work with Harmony Centre (Saskanas Centrs (CS), a coalition that lies to the left, rallying the National Harmony Party, the New centre and the Social Democratic Party led by Janis Urbanovics, Valdis Zatlers declared that he was ready to discuss issues with this coalition if its members were ready to acknowledge Latvia's occupation (by the Soviet forces) and to admit that Latvian is the country's only official language.

According to a poll undertaken by TNS Latvia for television channel LNT, more than half of Latvians (58%) consider the former President's action positively. A poll undertaken by TNS Latvia for the same TV channel said that one third of the electorate (33%) would also be ready to vote for the Reform Party of Zatlers (ZRP).

Political expert, Janis Jurkans, believes however that the "creation of a new party will not be easy. Valdis Zatlers will face real opposition." In an interview given to the daily *Latvijas avize*, he said that the former President might not have enough time and resources if – in all likelihood – early general elections took place in September. Finally he asked him to be careful that members of other parties did not leave the latter to join the Reform Party of Zatlers (ZRP) in order to take advantage of his fame. Valdis Zatlers has already said that he wanted his party to rally the greatest number of young people who had no previous experience of politics.

Hence MP Klavs Olsteins (V) resigned in protest against the way that Andris Berzins was elected as President of the Republic denouncing secret side-line negotiations. Guntars Galvanovskis, MP also resigned from parliament. The two men have said they want to continue their political career, but that they did not want to say whether they planned to join the Reform Party of Zatlers (ZRP). Madars Lasmanis will replace Klavs Olsteins in the Saeima, Inese Aizstrauta (ZZS) will take the place of the new President of the Republic, Andris Berzins on the parliament's benches.

The Political and Economic Effects of Parliament's Dissolution

In the event of the "yes" winning the referendum on 23rd July next early general elections will certainly be organised in September. Speculation over the election is now ongoing.

The People's Party led by Andris Skele, member of the electoral coalition "For a Good Latvia" and one of the three oligarchs (with Aivars Lembergs and Ainars Slesers), specifically accused by the former President Valdis Zatlers in the TV programme *Top Ten* on 29th May last, will now be standing alone before the electorate. His coalition partner Latvia's First-Latvia's Way led by Ainars Slesers has made the same choice and the two parties broke their alliance on 9th July last. "I do not agree with people who think that those with experience in the business world have no place in Parliament. As long as we are supported by the people we shall work in parliament," declared the latter.

"All for Latvia!" and "For the Fatherland and Freedom Union" (TB/LNNK) led by Roberts Zile, two parties that work together in the coalition, National Union, decided to merge into one party which will be called "All for Latvia! For the Union for the Fatherland and Freedom" and will be led by the two men. These measures will take effect after the next congress that will take place on 23rd July next.

Valdis Zatlers' decision has revealed the fragility of the Latvian political landscape which did seem to have calmed down and grown stronger last year, notably because of the recreation of its political playing board and the re-election of Prime Minister Valdis Dombrovskis.

According to a poll by *Latvijas Fakti* in June, the Harmony Centre is due to win 18.1% of the vote in the general elections. It is due to come out ahead of the Unity coalition that is predicted with 14.7% of the vote and the Greens and Farmers' Union, which are due to lose ground, dropping to 10.5% of the vote. The National Union is credited with 8.8% of the vote; the People's Party and Latvia's First-Latvia's Way are collapsing. According to a TNS poll for the TV channel LNT, 31% of Latvians believe that dissolution will be to the advantage of Harmony Centre and 17% believe it will be to the advantage of a new political party.

Most analysts agree to say that the political uncertainty associated with the dissolution and the possibility of early general elections, should not disrupt Latvia's socio-economic situation. The country is making a difficult recovery however from the trauma of the international economic crisis (18% recession of the country's GDP in 2009, the biggest decline in the EU). After a three year absence from the financial markets Riga has just raised 350 million €. Valdis Dombrovskis' government hopes to bring its budgetary deficit to 2.9% of the GDP by 2012 in order that Latvia can integrate the euro.

"The risks are short term – it is a question of informing the markets," declared Martins Kazask,

chief economist for the Swedbank. Latvia's GDP rose in the first quarter of this year by 0.3% in comparison with the three previous months and by 3.5%, if it is compared with the same period last year. According to the Central Latvian Bank growth is due to rise to 3.3% in 2011.

According to a most recent poll 75% of Latvians are due to vote "yes" to the dissolution of the parliament on 23rd July. Less than one voter in ten (9%) say they support the "no" vote and 12% have still not made their choice. According to another poll 79% of Latvians approve their former President's decision to dissolve the Saeima.

Abroad the first polling stations opened for the referendum vote on 13th July.

The Latvians approve en masse the dissolution of their parliament.

Results

During a referendum on 23rd July the Latvians approved the dissolution of the Saeima, the only chamber of Parliament. More than nine voters in ten (94.03%) answered "yes" to the following question, "Are you for or against the dissolution of parliament?" and 5.48% voted against. This consultation followed the announcement on 28th May last by former President of the Republic, Valdis Zatlers, to dissolve the Saeima. This decision had to be confirmed by referendum. Since most Latvians voted "yes", general elections will probably be organised in September.

By approving the decision taken by their former Head of State en masse, the Latvians gave specific voice to their weariness of the corruption which has been undermining their country for many years. "The referendum sets a major precedent for Latvian political life, from now on no parliament will be guaranteed office for the four years of legislature," indicated Aivars Ozolins, political editor at the daily Ir. The director of the opinion pollster SKDS, Arnis Kaktins, stressed that voters would use their vote to express their deep discontent. "However, believing that the vote is simply a protest against the oligarchs would be simplifying matters. Our surveys reveal that the Latvians

have been mistrustful and dissatisfied with their parliament for a long time, irrespective of the oligarchs," he added.

Less than half of those registered went to vote; turn out rose to 44.73%. Nils Muiznieks, director of the Advance Social and Political Science Research Institute of Latvia in Riga anticipated this high abstention rate: "turn out will not be great but voters will use this opportunity of the referendum to express their frustration. The Latvians have an incredible poor opinion of their government and the MPs in it;" he said.

Janis Urbanovics, leader of the main opposition party, Harmony Centre, called on his countrymen

to take part in the referendum. "Latvian citizens do not have enough opportunities to express their opinion about what is happening in their country," he declared. However former President of the Republic (1993-1999) Guntis Ulmanis said that he would not vote on 23rd July. "It is up to the people to decide, not the MPs," he stressed.

"I would like to thank all of those who took part in the referendum. They have clearly said that they want change. There will be change in Latvia and it will change our lives significantly," declared former President Valdis Zatlers on the announcement of the election results. "I have opened the door to change. Now you will have to pass through it and feel that you can take hold of your own fate," he said on the eve of the referendum, stressing that he had had enough of living "in a country that was based on lies, cynicism and avidity."

Giirts Valdis Kristovskis, Foreign Minister and leader of Unity (Vienotība, V) a coalition led by Prime Minister Valdis Dombrovskis, comprising New Era, (JL), the Civic Union and the Society for other politics (SCP) as well as Raivis Dzintars, leader of All for Latvia (VL) and Harmony Centre leader, Janis Urbanovics, said that they would vote "yes" on 23rd July.

Andris Skele, the People's Party leader (TP), a member of the electoral coalition, For a Good Latvia, former Prime Minister (1995-1997 and 1999-2000) and also one of the three oligarchs (with Aivars Lembergs and Ainars Slesers) specifically accused by Valdis Zatlers, said that he would vote "no" to the referendum qualifying the dissolution of parliament as "amoral". He also said that the former President had used his power to dissolve parliament to launch his own political career. Aivars Lembergs (Greens and Farmers Union, ZZS), mayor of Ventspils since 1988, who is under prosecution for corruption and money laundering, also said that he was against dissolution.

"The referendum is positive for Latvia because it is a part of a move towards democracy by our country," stressed Toms Silins, Vice President of the Council for Foreign Investment in Latvia.

On 9th July last Valdis Zatlers officially announced the creation of his political party, the Zatlers

Reform Party (ZRP) that lies to the centre-right of the political scale. The former head of State also created "the Reform Think-Tank" and which will advise his new party. Around 1,000 people have asked to join ZRP.

A poll by TNS Latvia for the TV channel LNT, published on 22nd July credits the ZRP with 17.5% of the vote, i.e. as much as Harmony Centre. The two parties would be in the lead in the future general election, followed by Unity that is credited with 9% of the vote. "The Zatlers Reform Party sees a potential partner in Unity," declared Daiga Holma and Reinis Tukiss, the ZRP spokespeople. Valdis Zatlers had also refused any collaboration with the Greens and Farmers Union, a member of the present government led by Valdis Dombrovskis.

The ZRP held its first congress on 23rd July – on the same day as the referendum.

For their part the three parties in the coalition, Unity, decided to merge into one (Unity) – this will take place on 6th August. The opposition parties in the national union coalition, i.e. All for Latvia! led by Raivis Dzintars and the Union for the Fatherland and Freedom (TB/LNNK) led by Roberts Zile have also chosen to merge. Their union will take the name of "All for Latvia!-For the Union of the Fatherland and Freedom" will be led by the two men, Raivis Dzintars and Roberts Zile. The two parties will however still be presented in the form of a coalition in the next election, since the registration of a political party requires two to three months in Latvia.

"One of the main aims of the next general elections will be to ensure that the oligarchs and the parties which support them do not enjoy a majority in Parliament," declared Prime Minister Valdis Dombrovskis. "If this should happen then the initiative of the former president will have been for naught," he added. "The influence of the oligarchs goes beyond the three men pinpointed by Valdis Zatlers. I think that Latvia is home to many wealthy people who are directly or indirectly involved in politics. And not all of them are Latvians," said the former Head of State, Vaira Vīķe-Freiberga.

The next general election will certainly mean a

Referendum in Latvia

23th July 2011

setback for the parties led by the oligarchs (the People's Party of former Prime Minister Andris Skele; Latvia's First-Latvian Way (LPP-LC) led by Ainars Slesers and the Greens and Farmers Union led by Aivars Lembergs) but the formation of the future government coalition might prove difficult

because those who previously voted for these parties will certainly not be ready to support the Prime Minister's party or the new Zatlers Reform Party. The chair of the Central Election Commission (CVK), Arnis Cimdars, suggested that early elections take place on 17th September next.

Referendum results on the dissolution of the Saeima on 23rd July 2011 in Latvia

Turn out : 44,73%

Question asked	Number of « yes » votes (the number of votes features in brackets)	Number of "no" votes (the number of votes features in brackets)
Are you for or against the dissolution of the Parliament?	94,30 (650 518)	5,48 (37 829)

Source : Central Electoral Commission of Latvia (<http://www.tn2011.cvk.lv>)

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