

The leftwing opposition running favourite in the general elections in Lithuania

Corinne Deloy

Translated by Helen Levy

Analysis

On 14th October next 2.5 million Lithuanians will be electing the 141 MPs who sit in the Seimas, the only chamber in parliament. They will also be voting by referendum on the building of a new nuclear power station in Visaginas (in the country's north east). The second round of the general election will take place on 28th October.

The general election date has to be set and announced by presidential decision at least six months before the end of the previous legislature. On 11th April last, Lithuanian President, Dalia Grybauskaitė announced the dates of the next election. The campaign started immediately after this announcement with the official campaign beginning on 14th September.

2 000 candidates (+ 400 in comparison with the previous elections on 12th and 26th October 2008) from 27 of the country's 44 political parties (including six new ones), are running in this election.

The situation in Lithuania

The country has been governed by the right for the past four years. The government comprises the Homeland Union – Lithuanian Christian Democrats (TS-LK), led by Prime Minister Andrius Kubilius, the Liberal and Centre Union (LLC-LSC) led by Gintautas Babravičius and the Liberal Movement (LRLS), led by Eligijus Masiulis. In spite of an extremely difficult economic context Andrius Kubilius is the first head of government to have completed his mandate since Lithuania recovered its independence in 1991.

Severely affected by the economic crisis that started in autumn 2008 (the Lithuanian GDP contracted by 15%), Lithuania refused to call on international aid and has recovered thanks to the introduction of an austerity policy and major sacrifices on the part of the population. The government made reducing deficits a national priority, arguing that there was no contradiction between growth and consolidating public finances. It enjoyed the support of President Dalia Grybauskaitė, who was elected as head of State in the first round of the presidential election on 17th May 2009.

The two heads of the Lithuanian executive have implemented a severe policy to consolidate public finances. At present the country is experiencing the highest growth rate in the EU (3% forecast in 2012 after 6% last year). Its public deficit is due to drop below the 3% of the GDP this year and its debt lies at 38.5% (2011). This figure might seem low but it has increased by 9 points in the last two years. Inflation is still high (4.2%) as is unemployment (14%). Employment is due to be a major theme in the electoral campaign.

Summarising her three years as head of State in July, Dalia Grybauskaitė said she was pleased with Lithuania's economic results. "Now that the economy is doing better we must focus on the fate of the most vulnerable and this requires a reform of the Welfare State and of our retirement system. We must reduce unemployment and increase the minimum salary next year," she declared. The Lithuanian minimum salary is one of the lowest in the EU. It totals 800 litas, i.e. 232€. Only two of the Union's 27 Member States – Romania and Bulgaria – have a lower minimum wage. "The economic situation is stable for the time being but it is tense in the surrounding countries. This is

General elections in Lithuania 14th and 28th October 2012

why that in spite of the electoral fever politicians must show their sense of responsibility, avoid populist exaggeration and not promise something that cannot be achieved. They have to concentrate on what is most important for the State and its population," stressed Dalia Grybauskaite.

The reduction of the debt, the development of infrastructures, notably in terms of energy and the economic modernisation of the country, are the main priorities set by Andrius Kubilius in these general elections. The single currency is also one of the Prime Minister's priorities. Lithuania hopes to join the euro zone in 2014. Riga and Vilnius are the two most advanced capitals in Central and Eastern Europe as far as the process of adopting the euro is concerned.

The leader of the Social Democratic Party (LSP) Algirdas Butkevicius and that of the Liberal Movement (LRLS), Eligijus Masiulis, have both said that Lithuania must not rush to adopt the single currency – at least until the euro zone crisis has not been settled

The government was weakened at the beginning of 2012 by the "Palaitis" affair. Raimundas Palaitis (LLC-LSC), the Interior Minister, was criticised for having dismissed two executives from the government's Financial Crime Investigation Service (FNIT), Vitalijus Gailius and Vytautas Girzadas, who were conducting an inquiry into cases of financial crime involving the Snoras Bank. On 9th March the Seimas ordered the re-employment of Vitalijus Gailius and Vytautas Girzadas, which is not allowed by the law. Raimundas Palaitis resigned on 20th March.

Moreover, Romas Kalvaitis and Stasys Okunevicius, candidates on the Homeland Union-Christian Democrat (TS-LK) list were replaced after their collaboration with the KGB was disclosed to the public. Stasys Okunevicius also distinguished himself during the fight for independence of Lithuania in 1991. His party recalled that anyone who wanted to join it had to inform it of

their KGB membership as soon as they joined, "not 12 years later". On 6th September the Research Centre on Genocide and Resistance put 628 new documents on line regarding the political police activities in the Lithuanian Soviet Socialist Republic revealing the names of 1,500 KGB agents. One third of Lithuanians fell victim to repression under the Soviet regime.

The political forces in play

According to the polls the opposition parties are due to win in the ballot box. The Social Democrats (LSP) say they are "ready to govern". Criticising the government's political austerity they are promising to raise public spending. Their leader, Algirdas Butkevicius, has said that reducing taxes for SME's and also VAT on vegetables and meat will be the next government's priorities. They also confirmed that the next majority will comprise the Social Democratic Party, the Labour Party (DP) run by Russian born billionaire Viktor Uspaskich and For Order and Justice (TT) led by former President of the Republic Rolandas Paksas.

The Labour Party is led by former Economy Minister (2004-2005), Viktor Uspaskich, a person who is as charismatic, as he is controversial. He resigned from the government led by Algirdas Mykolas Brazauskas (LSP) after the ethics committee accused him of using his position to promote his own private interests. In May 2006 he fled to Moscow after having been accused of "omitting" to declare 8 million litas (2.32 million euros) in income and 7 million litas (2.03 million €) in spending to the tax services. Returning to Lithuania in 2007 Viktor Uspaskich was arrested and then released on bail. This was lifted but since Viktor Uspaskich was elected MEP in June 2009, he recovered his immunity. He promised to reduce unemployment (to 0% in 3 years) and to resign if he did not succeed. He also said that he supported greater European integration.

On 4th September the Constitutional Court made

a ruling on Rolandas Paksas. He was impeached as Head of State by the Seimas on 6th April 2004 after being found guilty of infringing the Constitution by illegally granting Lithuanian nationality to Yuri Borisov, a Russian businessman and the main financial source behind his campaign in the presidential election on 22nd December 2002 and 5th January 2003; he was also found guilty of having violated State secrets by revealing confidential information to the same man and finally for having promoted his friends during the privatisation of a motorway company. However the European Court of Human Rights which he turned to, ruled that the measures taken regarding Mr Paksas (the life ban on standing for a position that involved a taking a constitutional oath) were ill adapted and contrary to the European Human Rights Convention. The life ban was therefore reduced to four years on 22nd March last, and the Seimas adopted an amendment to the electoral law allowing Rolandas Paksas to stand in the elections. On 4th September the Constitutional Court maintained that only a constitutional amendment could end the ban on becoming an MP. Rolandas Paksas cannot therefore run in October. His party's programme promises to give State owned land to people who want to cultivate it, to create jobs and reduce emigration.

Electoral Action for Lithuanian Poles (LLRA), the representative of the Polish minority in Lithuania and led by Waldemar Tomaszewski, has set itself the goal of rising above the 5% voting threshold and take 10 seats in the Seimas so that it can form a parliamentary group. The party has joined forces with two others: the People's Party led by Kazimiera Prunskiene (temporarily led by her son Vaidotas Prunskus because of the serious health problems his mother is having at the moment) and the Russian Alliance led by Irina Rozova. The three parties, which will campaign on economic stakes, have said they were ready to govern with the Labour Party and the Social Democratic Party (LSP).

This year, unlike the general elections of 2008 in which the National Resurrection Party led by Arunas Valinskas was the source of surprise, coming second in the first round of voting and when Viktor Uspasich's Labour Party (DP) came first in the first round of the 2004 general elections, the parties that have recently been created do not seem to be the source of attraction according to the polls. Democratic Labour and Unity led by Kristina Brazauskiene, the widow of former Prime Minister (2001-2006) Algirdas Mykolas Brazauskas; Union (TAIP) led by the Mayor of Vilnius Arturas Zuokas; the Drasos Kelias List and the Lithuanian List led by Darius Kuolys, are due win less than 10% of the vote together. The Lithuanians say they deplore the creation of new parties just before the elections.

The Lithuanian Political System

Lithuania has a unicameral parliament, the Seimas, comprising 141 members elected every four years according to a mixed voting method. 71 MPs are appointed by the majority system and 70 by proportional representation. A political party has to win 5% of the votes cast to be able to have a representation in parliament (7% in the case of a coalition). In the constituency where there is the majority vote a candidate winning the absolute majority in the first round, if turnout totals at least 40%, is declared elected. If turnout is under 40% the candidate who has won the greatest number of votes (and the vote of at least 1/5 of those registered), is elected. A second round is organised if these conditions are not fulfilled. Any party that wants to take part in the general elections must have at least 1,000 members.

10 political parties are represented in the present Seimas:

- Homeland Union-Lithuanian Christian Democrats (TS-LK), a liberal party led by outgoing Prime Minister Andrius Kubilius, with 46 seats;

General elections in Lithuania 14th and 28th October 2012

- the Social Democratic Party (LSDP), the main opposition party led by Algirdas Butkevicius, with 24 MPs;
- For Order and Justice (TT), a rightwing populist party led by Rolandas Paksas, with 14 seats;
- the Liberal and Centre Union (LLC-LSC), led by Gintautas Babravicius, has 13 MPs;
- the Liberal Movement (LRLS), founded in 2006 and led by Eligijus Masiulis, a member of the outgoing government has 12 seats;
- the Labour Party (DP), a leftwing populist party created in 2003 by Viktor Uspaskich, has 11 MPs;
- the Christian Party (KP), centre-right founded in 2010 after the merger of the Social Union, which is Christian and conservative and the Christian Conservative Party led by Gediminas Vagnorius, with 8 seats;
- Polish Electoral Action (LLRA), a party created in 1994 and led by Waldemar Tomaszewski, with 3 MPs;
- the Lithuanian Farmers' Union (LVLS), a merger of the Farmers' Party (LVP) and the New Democratic Party (NDP), led by Ramunas Karbaukis, with 3 MPs.

Reminder of the general election results on 12th and 26th October 2008 in Lithuania

Turnout: 48.59%

Political Parties	No. of votes won	% of votes won	Seats won by proportional voting	Seats won by majority voting	Total seats
Homeland-Conservatives (TS-LK)	243 823	19.72	18	27	45
National Revival	186 629	15.09	13	3	16
Order and justice (TT)	156 777	12.68	11	4	15
Social Democratic Party (LSDP)	144 890	11.72	10	15	25
Labour Party (DP)	111 149	8.99	8	2	10
Liberal Movement	70 862	5.73	5	6	11
Liberal and Centre Union (LLC-LSC)	66 078	5.34	5	3	8
Electoral Action of Lithuanian Poles (LLRA)	59 237	4.79	0	3	3
Lithuanian Farmers' Union (LVLS)	46 162	3.73	0	3	3
New Union-Social Liberal Party (NS-SL)	45 061	3.64	0	1	1
Independents			0	4	4
Others	106 048	8.58	0	0	0

Source : Lithuanian Electoral Commission
http://www.vrk.lt/2008_seimo_rinkimai/output_lt/rezultatai_daugiamand_apygardose/rezultatai_daugiamand_apygardose1turas.html

The Referendum

On 17th July last the Seimas voted in support of the organisation of a referendum on the building of a new nuclear power station, 62 votes in favour, 39 against and 18 abstentions. The closure of the Ignalina (RBMK) power station in 2009 that was of the same type as Chernobyl, in operation for 26 years, producing 70% of the country's electricity, led to a rise in electricity tariffs and an increase in Lithuania's energy dependency

on Russia (the three Baltic States import 62% of their electricity, a record level in the EU). The project for the future nuclear power plant of Visaginas involves Latvia to a total of 20% and Estonia, 22%. Poland was also invited to take part in the project. Lithuania will participate to a total of 30%. The plant will produce 1,300 megawatts and should be in operation by 2020/2022. Five billion euros, i.e. the biggest sum ever invested in the country since 1991 will be necessary for the project to go ahead with the Japanese company Hitachi!

"Do you approve the building of the new power plant in Lithuania?", this is the question that the Lithuanians will have to answer on 14th October.

During the last general elections on 2008 the Lithuanians were also asked by referendum, whether the Ignalina power plant should continue to function. To the question "do you approve of the Ignalina power plant continuing to function until a new power plant is built?" 88.59% of the electorate said "yes" but the consultation was declared invalid since only 48.44% of the electorate voted, whilst the electoral law sets a minimum turnout rate of 50% +1 in order for the vote to be declared valid.

The Mayor of Vilnius Arturas Zuokas also wanted a referendum on the day of the elections on the reduction of the number of MPs (from 141 to 101), the extension of the length of the parliamentary mandate (from four to five years), the modification of the election date (from the autumn to the

spring) and finally a ban on any MP of undertaking more than two consecutive mandates. However he failed to achieve the 300,000 signatures necessary for these questions to be the focus of a popular consultation (only 125,000 signatures were gathered).

According to the most recent poll by Spinter Tyrimai five political parties are due to win more than the 5% voting threshold necessary to enter parliament.

The Social Democratic Party is due to win 16.9% of the vote, Labour 13.3%, For Order and Justice 9.4%, the Homeland Union-Christian Democrats (TS-LK), 7.7% and the Liberal Movement, 5.2%.

Many analysts believe that the election may hold some surprises however. They recall that during the local elections on 27th February 2011 to everyone's surprise the Homeland Union-Christian Democrats came 2nd behind the Social Democrats (21%).

The party of outgoing Prime Minister Andrius Kubilius pays the price of austerity and the left wins the general elections in Lithuania

As forecast by the polls the left won the first round of general elections that took place on 14th October in Lithuania. But contrary to what the polls said it was the Labour Party (DP), created in 2003 by billionaire Viktor Uspaskich, which won with 19.87% (17 seats). According to the results, which are still incomplete it came out ahead of the Social Democratic Party (LSP) led by Algirdas Butkevicius, which won 18.44% of the vote (15 seats). The Homeland Union-Conservatives (TS-LK) of outgoing Prime Minister Andrius Kubilius, won 15.02% of the vote (13 seats). The Liberal Movement (LRLS) led by Eligijus Masiulis, a member of the outgoing government, came fourth with 8.55% of the vote (7 seats). The recently created party, the Path of Courage (DK) founded by former judge Neringa Venckiene following the paedophile scandal that involved her niece Deimante Kedynte won 7.94% of the vote and will therefore have 7 seats in the Seimas, the only Chamber in Parliament. Neringa Venckiene undertook a campaign denouncing the numerous shortcomings of the political system. For Order and Justice (TT), a right wing populist party led by former President of the Republic (2003-2004) Rolandas Paksas won 7.33% of the vote (6 seats). Led by Waldemar Tomaszewski, Polish Electoral Action (LLRA), a party created in 1994, which represents the Polish minority in Lithuania, won 5.81% of the vote (5 seats). Turnout totalled 52.82%

Results
1st round

General elections in Lithuania 14th and 28th October 2012

The Labour party and the Social Democratic Party are due to form a government coalition, perhaps with the help of Rolandas Paksas's party, For Order and Justice. *"It is an opposition party in parliament and we have already worked together,"* indicated the Social Democratic leader, Algirdas Butklevicius who added, *"We need a strong majority otherwise during the crisis our work may not last very long."*

The left has promised to increase the minimum salary to 1,509 litas (437 €) – at present it lies at 850 litas – to bring in a progressive income tax once more – (Lithuania has a flat tax of 15% in terms of VAT, income tax and business tax). *"If the labour market does not change there might be social disruption this winter with the price of heating rising,"* warned Algirdas Butklevicius.

The parties on the left also support a review of relations with Russia and are planning to start legal action against the Russian company Gazprom, which in their opinion, is providing gas to Lithuania at a price which is far too high.

Outgoing Prime Minister Andrius Kubilius certainly paid the political price of austerity which he introduced to counter the economic crisis that has severely affected Lithuania (the national GDP contracted by 15% in 2009). Although the country has recovered growth it remains that salaries and retirement pensions have decreased dramatically. The unemployment rate totals 13%. The support of the Estonian and Latvian Prime Ministers, Andrus Ansip (Reform Part, ER) and Valdis Dombrovskis (Vienotiba (V), Unity) were not enough for Andrius Kubilius to stay in office. He was the first head of government to have accomplished a full mandate, in spite of the extremely difficult economic context, since Lithuania won back its independence in 1991.

The Lithuanians were also called on 14th October to vote by referendum on the project to build a future nuclear power plant in Visaginas. The project associates neighbouring States Latvia (to a total of 20%) and Estonia (22%), Poland withdrew from the project in December 2011. Lithuania is

due to participate to a total of 30%. The plant should have a capacity of 1,300 megawatts and is due to be operational between 2020 and 2022. According to the outgoing government building the plant should reduce the price of electricity down to 50€ per megawatt hour. The Lithuanian Association of Urban Heating published a report in which it announced that the heating bill would undoubtedly be the highest in the country's history next winter. Lithuania imports 60% of its electricity and 80% of all of its energy.

More than six voters in ten (62.71%) rejected the nuclear project of Visaginas. One third (34.05%) answered "yes" to question: "Do you support the building of a new nuclear power plant in the Republic of Lithuania?" Turnout was over the 50% threshold (52.48%), and so the referendum is deemed valid. Although it was only consultative it will however be difficult for the next government not to take it into account the Lithuanian vote on this issue in the future.

The opposition parties disagreed over the referendum. The Social Democrats called to vote "no" whilst Viktor Uspaskich said he supported the building of the new plant if Latvia and Estonia joined the project. *"We support nuclear energy. As an economist I can say what counts for me, is the value of the project. I think that if a working group had been formed between economists, politicians, and people with knowledge and competence to assess a project like this we would not be obliged to hold this referendum today,"* said Algirdas Butklevicius.

"We shall wait for the second round. The Social Democrats generally achieve good results in the second round," indicated Viktor Uspaskich. Indeed we have to wait until 28th October next to have the final general election results. Previously the second round has never changed the results of the first round significantly. *"The second round might have an effect on the final numbers of mandates, but I would be very surprised if another coalition other than the one bringing together the three opposition parties (Labour Party, Social De-*

mocratic Party and For Order and Justice) was to be formed," declared Kestutis Girnius, a political analyst at the University of Vilnius. "These parties have cooperated together in the opposition and it would be extremely complicated for them to work with the conservatives or the liberals. For the time being it is difficult to see whether they will need to call on the smaller parties for help," he said.

The Leftwing Forces confirm their Victory in the Second Round of the General Elections in Lithuania

The leftwing confirmed their first round victory in the general elections that took place on 14th October during the second round on 28th October in which 68 of the 141 seats in the Seimas, the only chamber of Parliament, remained to be taken. No second round has ever really modified the results of the first in the country's history.

The Social Democratic Party (LSP) led by Algirdas Butkevicius won with 38 seats. He pulled ahead of the Homeland Union-Conservatives (TS-LK) led by the Prime Minister, Andrius Kubilius which won 33 seats. "Our results are not bad, we form part of the main parties in parliament" declared the outgoing head of government. The Labour Party (DP) led by billionaire Viktor Uspaskich came third with 30 MPs and For Order and Justice (TT) of former President of the Republic (2003-2004) Rolandas Paksas, won 11 seats. The Social Democrats and Labour have won 78 of the 141 seats. "I see these results in a positive light. After the second round we are in the lead," declared Algirdas Butkevicius in whom many see the future Prime Minister. In all likelihood the Social Democrats will ally themselves with the Labour Party and For Order and Justice in a government coalition. Viktor Uspaskich indicated that his party was interested in the Economy, Transport, Agriculture and Culture Ministries.



General Election Results of 14th and 28th October 2012 in Lithuania

Turnout: 52.90% (1st round) and 35.86% (2nd round)

Political Parties	No. of seats
Social Democratic Party (LSP)	38
Homeland Union -Conservatives (TS-LK)	33
Labour Party (DP)	30
For Order and Justice (TT)	11
Liberal Movement (LRLS)	10
Polish Electoral Action (LLRA)	8
Path of Courage (DK)	7

Source : Central electoral commission of Lithuania : http://www.vrk.lt/2012_seimo_rinkimai/output_en/rinkimu_diena/rezultai2.html

General elections in Lithuania 14th and 28th October 2012

The Liberal Movement (LRLS) led by Eligijus Masiulis, a member of the outgoing government, won 10 seats. Led by Waldemar Tomaszewski, Polish Electoral Action (LLRA), a party created in 1994 which represents the Polish minority in Lithuania, won 8 seats and the Path of Courage (DK) founded by former judge Neringa Venckiene 7 seats.

Turnout totalled 35.86% on 28th October, i.e. -17 points in comparison in the first round on 14th October (but +2,69 points in comparison with the second round of the general elections on 12th and 26th October 2008). *"Sometimes voters do not find in the second round what they had in the first and do not think that the two remaining candidates can defend their interests,"* indicates Zenonas Vaigauskas, Chair of the Lithuanian Central Electoral Commission.

Last week demonstrations rallied several hundred students protesting against electoral fraud in the first round, notably regarding the purchase of votes in Vilnius. The first round of the elections in the constituency of Visaginas-Zarasai (North) was annulled by the Central Electoral Committee.

Outgoing Prime Minister Andrius Kubilius has paid the price of the austerity policy he introduced to counter the economic crisis that has seriously affected Lithuania (the national GDP contracted by 15% in 2009). The leftwing have promised to raise the minimum salary to 1,509 litas (437 €) – it lies at present at 850 litas – and to return to a progressive income tax rate (Lithuania has a flat tax of 15% on VAT, income and business tax).

"We must stimulate the Lithuanian economy, create jobs without spending money. We must increase revenues everywhere where it is possible and focus on sectors of the economy where wages are particularly low. There will not be

a sharp fiscal reform nor a budgetary revolution," indicated Social Democratic leader Algirdas Butkevicius. The left has also promised to maintain a "responsible" budgetary policy. *"Taking into account the financial market, EU membership and the European procedures to counter excessive deficits, the room to manoeuvre is limited. Any increase in the budgetary deficit will mean an increase in borrowing. As a result there will be no radical change in the policy undertaken,"* said the director of International Relations and Political Science in Vilnius, Ramunas Vilpisauskas. *"The majority of the programme will remain on paper, the government will apologise and it will explain that it is difficult to keep promises in a coalition,"* he added.

The future Lithuanian government will have to continue the previous government's austerity policy and will have almost no room to manoeuvre, since the country will have to borrow 7.6 billion litas (2.2 billion €) in 2013 – nearly 7% of its GDP – in order to refinance its debt. The country's GDP rose by 5.9% last year and it due to rise by 3% in 2012. Growth is being boosted by exports but domestic consumption is struggling to recover. Algirdas Butkevicius announced that Vilnius was due to adopt the single currency in 2015, one year before the date previously announced. Lithuania will therefore have to take care of its finances. The budgetary deficit, which totalled 9.4% of the GDP in 2009, was reduced to 5.5% last year, which is far too high a figure for the country to be able to adopt the euro given the criteria set by the Union. The future government will have to concentrate on setting up the Presidency of the European Union which Lithuania is due to ensure for the first time in its history in the second half of next year.

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