

# Early risky General Elections for the outgoing Government in Latvia

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**ANALYSIS**  
1 month before  
the pool

For the second time this year and for the third time in less than a year the Latvians are being called to ballot on 17th September next to re-elect the 100 members of the Saeima, the only chamber in Parliament. This election that comes three years early, (the last elections took place less than a year ago on 2nd October 2010) is a result of the referendum on 23rd July, in which the population approved the dissolution of the parliament (94.30%) decided on 28th May by the then President of the Republic, Valdis Zatlers. According to the Constitution, the general elections have to be organised within the two months after the dissolution of parliament, i.e. before 23rd September. The new Saeima will be elected for a 3 year term in office. On 2nd June last Valdis Zatlers was replaced as head of State by Andris Berzins (who is close to the Greens and Farmers' Union), elected 53 by votes of the 100 members of parliament. Andris Berzins took office on 8th July last.

## The Latvian Political Crisis

On 28th May last the outgoing President of the Republic of Latvia informed his fellow countrymen in a televised announcement on LNT that he had decided to dissolve the Saeima, according to the powers granted to him by article 48 of the Constitution. "I want to give hope that things can change. We have to put an end to behaviour which goes against the interests of our people and our country. This is why I want to tell you directly 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." Valdis Zatlers justified his act by the parliament's refusal on 26th May to withdraw immunity from MP and businessman Ainars Slesers, leader of Latvia's First-Latvia's Way (LPP-LC), former Prime Minister (2002-2004), accused of paying and receiving bribes, money laundering, of making false declarations and abuse of power. Whilst several businesses, including the port of Riga, Euroline, and the Baltic Aviation System had already been searched, the Saeima's vote prevented the prosecutor's office from searching Ainars Slesers home. On 29th May in an interview in the programme Top Ten on LNT with regard to the identity of those he qualified as oligarchs, the head of State quoted three names 'the three A's' – according to the custom when talking of Ainars Slesers, Aivars Lembergs (mayor of Ventspils since 1988, under prosecution for corruption and money laundering) and Andris Skele (Prime Minister, 1995-1997 and 1999-2000); these three men who are both politicians and businessmen have been the focus

of police and legal investigations for the last twenty years. By approving the decision of their former head of state en masse during the referendum on 23rd July last the people of Latvia especially gave expression to their weariness of the corruption that has been undermining their country for so many years. "To see the vote only as a sign of protest against the oligarchs would be simplifying matters. Our surveys reveal that the Latvians mistrust and have been dissatisfied with parliament for a long time, notwithstanding the oligarchs," said the director of the pollster SKDS, Arnis Kakutins before the vote.

On 9th July last after leaving his presidential post, Valdis Zatlers officially announced that he was creating his own political party, the Zatlers Reform Party (ZRP). The former President therefore refused Unity's offer, led by Prime Minister Valdis Dombrovskis, to work together.

Every party claimed victory in the referendum on 23rd July. "The referendum disqualified the government parties, Unity and the Greens and Farmers' Union. Those who are to blame are the oligarchs and the incompetent elements in Unity," declared Valerijs Agesins, Vice-President of the parliamentary group of the main leftwing opposition party, Harmony Centre (SC). "All of this is absurd. On no account is the dissolution of the Saeima an assessment of the policy undertaken by Unity but the result of the failure to lift immunity on Ainars Slesers," answered Ilze Vinkele, Vice-President of Unity's parliamentary group. "The People's Party and the Greens and Farmers' Union are the two parties which should learn from this," she added.

According to Augusts Brigmanis, leader of ZZS, the referen-

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dum result on 23rd July should make all MPs think. "It is a sign for the entire Saeima. Everyone should feel responsible, if not guilty," he said. Finally Edgars Zalans, leader of the parliamentary group of the coalition, "For a Good Latvia", blames Unity and its government partner, the Greens and Farmers' Union, for the dissolution of parliament.

### The Election Stakes

Valdis Zatlers' decision and the referendum that followed have revealed the fragile nature of the Latvian political landscape, which did seem however to have settled down and to have consolidated over the last year, notably thanks to the re-shuffling of the political layout and the re-election of Prime Minister Valdis Dombrovskis in the general elections on 2nd October 2010.

The Zatlers Reform Party questions the fragile stability of the Latvian political landscape. It is working at present on its programme and is setting up its internal structure. In an interview with the daily *Latvijas avize*, political expert Janis Jurkans said that the former President might lack time, resources and leaders to achieve a good result in the general elections on 17th September next.

The party's manifesto published at the beginning of July comprised ten points, including independence of the legal system, a healthy economy and strict monetary discipline. Valdis Zatlers said that the ZRP will have a different role from the other parties. Klavs Olsteins, a Unity MP, who resigned in July in protest against the way that Andris Berzins had been elected president (he denounced the existence of secret negotiations), announced that he was joining ZRP. "In my short career I have understood that only the young generation would be able to achieve the in-depth, long term changes which the country requires. This is why I have decided to join Valdis Zatlers' new team," he said.

"We shall do our best to put an end to the power exercised by the oligarchs," declared Valdis Zatlers who is calling for a political approach that is closer to the people. He recently refused to debate with Aivars Lembergs. "I think that the oligarchs should not be listened to nor should they be taken into account," he said. This is an attitude criticised by political analyst Juris Rozenvalds. "He might say that he will not cooperate with certain politicians but he has to accept public debate with his rivals," he said.

Valdis Zatlers also stressed that the two parties in the outgoing government Unity and the Greens and Farmers' Union were both responsible for the mistakes that had been made and even more for the work they had not achieved when they were in office. Amongst these he mentions improving the country's demographic situation, the reduction of unemployment and the development of an energy strategy.

Today Unity has to position itself against the ZRP. For the coalition of outgoing Prime Minister Valdis Dombrovskis, the alternative is simple: it can turn Valdis Zatlers into an ally

or challenge him by highlighting the differences that exist between it and the ZRP. On 6th August last the 3 parties comprising the coalition Unity (New Era, Civic Union, Society for Different Politics) merged into one during their congress that took place in Valka (in the north of Latvia). The head of the outgoing government; Valdis Dombrovskis was unanimously appointed (minus his own vote) as the new party's candidate to run for Prime Minister. His programme includes the stability of the fiscal system, the reduction of unemployment, - which rose to 12.6% in June last - down to 7% of the working population, the investment of two billion lats (2.8 billion €) in industrial growth and the reduction of the informal economy by half.

The leaders of the parties in the old coalition - Valdis Dombrovskis, Girts Valdis Kristovskis and Aigars Stokenbergs - will be the lead candidates in the general elections on 17th September. Moreover Culture Minister Samirte Elele will lead Unity's list in the constituency of Zemgale and former Mayor of Daugavpils and leader of the party in the area, Janis Lacplešis, will lead the list in Latgale.

Less than a year ago on 2nd October 2010 the Latvians opted for continuity which meant painful political austerity and showed their political maturity by re-electing the coalition led by outgoing Prime Minister Valdis Dombrovskis. The latter, in office since 2009, had undertaken a severe austerity programme to bring his country out of the serious economic crisis that it was suffering at the time. At the end of 2008 the Latvian economy had reached its 2005 level before witnessing an 18% contraction of its GDP the following year. Latvia, which until then had been nicknamed the Baltic Tiger, was only saved from bankruptcy in December 2008 thanks to the loans of 5.27 billion lats (7.05 billion €) granted to it by the IMF (1.3 billion €) and the EU (3.1 billion €). Riga also received 1.4 billion \$ from the nordic countries, 400 million € from the World Bank and 500 million from the European Bank for Reconstruction and Development (EBRD). Latvia then had to start catching up on its budgetary deficit and stabilising its banking sector. When he took office Valdis Dombrovskis made severe budgetary cuts and reduced retirement pensions by 10% and civil servants' wages by 35% - he also drastically reduced the number of civil servants and raised taxes (+3 points on income tax and +3 points on VAT, which now lies at 21%).

According to the leader of Harmony Centre, Nils Usakov, the general election will lead to a change in the balance (and the votes on the right) between Unity, the Reform Party and the parties in the National Alliance coalition. As a result his party should increase its influence. Latvian tradition dictates that the party that wins the greatest number of votes leads the government. Nils Usakov hopes therefore that the new party led by Valdis Zatlers will win enough votes from outgoing Prime Minister Dombrovskis so that the Harmony Centre will win the elections on 17th September next.

The party has been improving its position constantly since

its creation in 2005. Since it has never taken part in government it has not had to face any criticism. Moreover many Latvians say they are satisfied with the party's work locally in the towns where it is in office. Finally voters, who are tired of the scandals in which some "Latvian" parties have been involved may very well take the initiative and choose to trust a leftwing party on 17th September next.

The outgoing Prime Minister recalled that he had been the first to invite Harmony Centre to join the government. Valdis Dombrovskis set three conditions to this: the party's acknowledgement of the Soviet occupation of Latvia, its acceptance that Latvian would be the country's only official language and its support of economic reform.

The People's Party (TP) led by Andris Skele and Latvia's First-Latvia's Way led by Ainars Slesers, both members of the electoral coalition "For a Good Latvia" chose to stand separately before the electorate on 17th September next. The two parties broke off their alliance during their congress on 9th July last. "I do not agree with people who think that those with experience in the business world do not have a role to play in parliament. As long as we have the people's support we shall sit in Parliament," declared Ainars Slesers recently.

On 5th August Ainars Slesers modified the name of his party for the electoral campaign, Slesers Reform Party-Latvia's Way (according to the model set by the Zatlers Reform Party) with the aim of revealing Valdis Zatlers' hypocrisy, who in his opinion, is thinking more of his own political career than that of the country. He says he supports an increase in the State budget. "Don't save, earn money!" will be the party's motto in the general elections.

The two parties in the National Alliance coalition - "All for Latvia" led by Ratvis Dzintars and For the Fatherland and Freedom led by Robert Zile - decided to merge into one under the name All for Latvia-For the Fatherland and Freedom. It will be led by both men. "The idea is clear: when Latvians think of their country divisions between parties have to disappear. Latvia failed because the means were taken for the ends. Political parties are the means the aim is to live in a fair, Latvian Latvia. The merger of our two parties is a step towards this goal," said Ratvis Dzintars. The new party which has said it is ready to work with Unity, the Greens and Farmers' Union, the Zatlers Reform Party hopes to double its representation in parliament (8 MPs at present) after the elections on 17th September next.

The return of Latvians who left to work abroad, the reduction of naturalisations, the ban on dual nationality in the event of treason, the development of the region of Latgale (in the east), the least developed in Latvia, are some of the measures that feature in the new programme's party. All for Latvia-For the Fatherland and Freedom hopes to grant the voting right to children (enjoyed by the parents until the children are of age) and to reduce the civic age of majority to 16. It will put 115 candidates forward.

The co-chair (with Tatiana Zdanoka) of For Human Rights in

a United Latvia (PVTCL), Jakovs Pliners, said he was confident that his party would succeed in winning seats in the next general election. He will be heading the party's list in Riga. Economic recovery, improvement of Latvian daily life and relations with neighbouring Russia, the strengthening of the status of the Russian language are its priorities. It will be presenting 85 candidates on 17th September next.

### The Latvian Political System

Since 1998 the 100 members of the Saeima have been elected for four years by proportional voting according to the Sainte Lagüe method. Voters opt for a list but may distinguish with a plus or minus sign the candidate or candidates they prefer on this list, i.e. who they want to encourage or who they want to exclude. All political parties have to win at least 5% of the vote in order to be represented in Parliament. In general elections Latvia is divided into five electoral districts: Riga (also the constituency of Latvians living abroad), Vidzeme, Latgale, Zemgale and Kurzeme. The number of seats available in each constituency (which ranges from thirteen to 29) is set by the Central Electoral Commission four months before the election depending on the number of people on the electoral roll. Candidates standing in the general election must be aged at least 21. Since 2009 people having worked as technicians in the former Soviet security services are allowed to stand in the elections. Moreover multiple candidacies are now banned: an individual can only stand in one constituency.

The Latvian Parliament recently adopted a law which establishes political party funding by the State: any party that wins at least 2% of the vote cast in the general elections receives an annual cheque of 0.5 lats (0.71 €) per vote. We should note that Latvia is the only country in the EU without legislations on subsidies granted to political parties. As a result the parties are highly dependent on the oligarchs, and even funding from abroad, which is one of the country's major problems. Company heads rapidly integrated political movements and parties which were founded when the communist system collapsed and independence was won. They still have a high profile in these institutions, preventing the political system from becoming autonomous (the parties are not considered as public institutions) and impeding the rise of a real Latvian civil society.

15 political parties are represented in the Saeima as follows:  
- the 3 parties of the coalition Unity (Vienotība, V): New Era (JL), led by Solvita Aboltina and the party of the outgoing Prime Minister Valdis Dombrovskis, the Civic Union, a party comprising members of New Era which left the party and independents chaired by Girts Valdis Kristovskis, and the Society for Different Politics (SCP) led by Aigars Stokenbergs. Lying to the right on the political scale Unity merged into one on 6th August last and it has 33 MPs;

- the 3 parties of the Harmony Centre Alliance (SC) : the Na-

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tional Harmony Party, New Centre and the Social Democratic Party is led by former journalist of the First Baltic Channel and the present mayor of Riga Nils Usakovs. The coalition was formed on 10<sup>th</sup> February 2010 and has 29 seats;

- the Greens and Farmers' Union (ZZS), is a member of the outgoing government and is chaired by Augusts Brigmanis; it brings together the Union of Latvian Farmers, the Green Party and For Latvia and Ventspils led by Aivars Lembergs. The party has 29 seats;

- the 6 parties in the coalition "For a Good Latvia" (PLL): the People's Party (TP), is led by Andris Skele; Latvia's First-Latvia's Way (LPP-LC) has been led since November 2009 by Ainars Slesers, For a Better Latvia is led by the director of the TV channel LNT, Andrejs Ekis and three regional parties (including the People of Latgale, LT, United Rezekne, VR and For the District of Ogre, ON). Founded on 26<sup>th</sup> April 2010 the coalition, which has since decided to separate, has 8 seats;

- the 2 parties in the National Alliance coalition : For the Fatherland and Freedom (TB/LNNK), is led by Roberts Zile and the far right party "All for Latvia" (VL), is led by Ratvis Dzintars. The coalition has 8 MPs.

Many observers of Latvian political life believe that the general elections on 17<sup>th</sup> September next will not bring about any

significant changes in Latvia. But no one can be sure of this. Several government coalitions might be possible. Amongst those most often quoted is an alliance between Unity, the Zatlers Reform Party and Harmony Centre; an alliance between Unity and Nils Usakovs' movement and even an alliance between the Greens and Farmers' Union and Harmony Centre may be possible.

According to the latest poll dated mid-August, one quarter of voters (25%) were going to vote for Harmony Centre, 12% for All for Latvia-For the Fatherland and Freedom and 12% for the Zatlers Reform Party. Unity is due to win 6% of the vote, the Greens and Farmers' Union, 4%, Latvia's First-Latvia's way and For Human Rights in a United Latvia, 1% each. One third of those interviewed (33%) say however that they still have not chosen who to vote for.

Only 16% of Latvians believe that the general elections will bring about "qualitative changes" to Parliament according to a survey undertaken in August by TNS Latvia for the TV channel LNT. Whatever the result, the future government's main task will be to continue on the path of economic recovery. Latvia must succeed in reducing its budgetary deficit if it wants to fulfil the criteria for the adoption of the single currency and join the euro area in 2014.

### Reminder of the General Election Results of 2nd October 2010 in Latvia

Turn out : 62%

Political Parties	No. of votes won	% of votes won	No. of seats won
<b>Unity (V)</b>	301 424	31,22	33
<b>Harmony Centre (SC)</b>	251 397	26,04	29
<b>Greens and Farmers' Union (ZZS)</b>	190 025	19,68	22
<b>National Alliance</b>	74 028	7,67	8
<b>For a Good Latvia (PLL)</b>	73 877	7,65	8
<b>Others</b>	54 074	5,60	0

Source : Internet site of the Central Electoral Commission of Latvia  
<http://www.velesanas2010.cvk.lv>

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