

European
Elections monitorfrom **Corinne Deloy**
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7 days before
the pollGeneral Elections in Latvia,
a round up one week before
the vote

On 2nd October next the Latvians will appoint the 100 members of the Saeima, the only Chamber in Parliament.

In this election most of the political parties will group together within five coalitions:

- Unity (Vienotība) rallies New Era (JL) the party of outgoing Prime Minister Valdis Dombrovskis, led by Solvita Aboltina, the Civic Union (PS), chaired by Girts Valdis Kristovskis, a town councillor in Riga and the Society for Other Politics (SCP);
- Harmony Centre (SC) rallies the National Harmony Party, New Centre and the Social Democratic Party;
- For a Good Latvia rallies the People's Party (TP), Latvia's First-Latvian Way (LPP-LC), For a better Latvia and three regional parties (the People of Latgale, LT, Rezekne United, VR and For the District of Ogre, ON);
- the National Union comprises the Pro-Patria Union and Freedom (TB/LNNK) and the far right party, All for Latvia (VL);
- finally the Greens' and Farmers' Union (ZZS) chaired by Augusts Brigmanis, rallies the Union of Latvian Farmers and the Green Party and For Latvia/Ventspils.

Latvia, the most dynamic economy in Europe just a few years ago, was severely affected by the economic crisis in 2008. The "Baltic Tiger" was saved from bankruptcy in December 2008 by loans (5.27 billion lats, i.e. €7.05 billion) which were jointly granted to it by the IMF and the EU together with the Nordic countries, the World Bank and the European Bank for Reconstruction and Development (BERD). The government - led by Ivars Godmanis (Latvia's First-Latvian Way, LPP-LC until 20th February 2009), then by Valdis Dombrovskis (JL) - implemented severe austerity policies (budgetary cuts, decreases in salaries and retirement pensions, reductions in the number of civil servants and increases in taxes) to counter the crisis. These measures are beginning to produce results and the IMF representative in Central and Eastern Europe, Mark Allen said that he "was greatly impressed" by everything that Valdis Dombrovskis's government had achieved.

The ratings agency Fitch also raised Latvia's mark (BB+) since the country's situation has risen from "negative"

to "stable". Fitch stresses that the austerity policy, which has been painful but necessary, implemented by the government coalition, has helped reduce imbalance in the Latvian economy. The rise in exports, due to a decrease in salaries (-22.7% in the first quarter) is the main reason for the improvement in the country's economic health. Fitch believes that Latvian GDP growth will decline again by 2% this year before growing by 2% in 2011 and by 3% in 2011 and by 3% in 2012; it also announced that Latvia would not, in its opinion, adopt the euro before 2014.

"These declarations are extremely important for financial investors and the international community which has approved the work achieved by Latvia to overcome the economic crisis," declared Finance Minister Einars Repse (JL). Outgoing Prime Minister Valdis Dombrovskis declared that his government has succeeded in changing the structure of the Latvian economy: the growth of exports and industrial production has replaced the policy of easy credit, growth by consumption and the real estate bub-

ble. "If there are no unexpected surprises Latvia's rating will be raised after the general elections and the adoption of the 2011 budget," he maintained.

The Latvian Statistics Bureau announced on 31st August that wages and salaries had risen by 2.9% in the second quarter of 2010 (+6.4% in the public sector and 0.6% in the private sector).

At the beginning of September the representatives of the main political parties promised together not to increase taxes during the next government. Some however said they wanted to change the tax system in order to lower the cost of labour and tax consumption and real estate more. According to Ilmars Rimsevics, governor of the Central Bank of Latvia, political parties are struggling to set out their economic programme because of the unpopular decisions they will necessarily have to take if they come to power. "The electoral programmes should all show what their plan of action will be. It is not the case. Journalists often ask the politicians "tell us how you are going to find 350 or 400 million lats you need to finalise the budget?" But no one answers. A real action plan should answer the following questions: What are the goals in terms of revenue? What measures are going to be taken to achieve them? « What will the government's spending concern as a priority?" declared the country's General Auditor, Inguna Sudraba.

During a televised debate Economy Minister Artis Kam-pars (JL) said that his party would invest 3 billion lats (€4.2 billion) in the national economy if it won the elections. He explained that 2.5 billion would come from the EU's Structural Fund and 500 million from the State. Martins Zemitis, a member of the coalition "For a Good Latvia" said during the debate that his party's victory would enable Latvia to rise from 29th position to lie within the top ten in the ranking of the most competitive countries established by the World Bank. Without saying how his party would achieve this he even said that 150,000 new jobs would be created. The candidate running for the post of Prime Minister on behalf of For a Good Latvia, Ainars Slesers said in a TV programme 900 seconds that he was certain that the government was secretly negotiating the privatisation of State run companies by 2012. "Why establish a working group on privatisations if they were not planning to privatise any companies?" he asked saying that everything was in place so that national companies could be sold off.

In March last the government established a working group responsible for looking into the possibility of floating State companies on the stock exchange but outgoing Prime Minister Valdis Dombrovskis categorically denied having any such project. "My government is clear. The law on privatisation stipulates that a certain number of companies cannot be privatised, for example the national electricity company, Latvenergo and the National Forestry Office (LVM). We have no intention of changing this list. There is no secret arrangement with the IMF," he declared.

In Latvia where nearly 30% of the 2.3 million Latvian citizens are Russian speaking 20 years after the country's independence the rift between the Latvians and the Russians is still a major political issue and this is duly maintained by their grand Russian neighbour. "The Latvian parties have admitted that ignoring the Russian speaking parties, never allowing them to take part in a government coalition, was an error," declared Aigars Freimanis, director of the pollster Latvijas Fakti. The latter says that Russia's influence is increasing in Latvia, notably in the media and that all of the countries' parties acknowledge that it is necessary to improve relations with Moscow. "People are used to each other. There are now mixed families, mixed companies," he stresses.

However the candidate running for the post of Prime Minister in the coalition "For a Good Latvia", Ainars Slesers and former Prime Minister (2004-2007), Ainars Kalvitis (TP) rejected the possibility that Janis Urbanovics (SC) may one day become Prime Minister.

The leader of the People's Party, Andris Skele said that "For a Good Latvia" considered "Unity" and the "Greens and Farmers' Union" as possible coalition partners but that "For a Good Latvia" may, "if it found itself in political stalemate", negotiate with Harmony Centre.

Delna, the Latvian branch of the organisation to counter corruption, Transparency International, opened a database on 13th September collating information on the 212 candidates running in the general elections on 2nd October next. The study is based on six criteria: comments about a candidate's involvement in a conflict of interest, behaviour contrary to ethics, corruption charges, frequent change of political affiliation, doubtful appointment on local or national company boards and obscure financial transactions. 88 of the 212 candidates are concerned by one (or several) of these criteria: 24

issues "For a Good Latvia", 18 for "Unity", 16 for "National Union" and 7 for the party "For Human Rights in a United Latvia (PVTCL)". This data base is available on-line at the following address: <http://www.kandidatiuzdelnas.lv>

Delna points in particular to four candidates: Andris Skele and Ainars Slesers, leaders of the coalition "For a Good Latvia" that brings together many oligarchs, Aivars Lembergs, (ZZS) and Ainars Melders (National Union). Ainars Slesers and Aivars Lembergs are both running for the post of Prime Minister.

According to Aigars Freimanis, the number and variety of political parties is one of the main problems in Latvia. The government coalitions have been so numerous since the country's independence in 1991 that all of the political parties have at one time or another been in government. Likewise each regularly accuses its partners of being responsible for the errors committed.

Aigars Freimanis is counting very much on the change in generation that will certainly occur within the political classes. "People who started their career during the time of the USSR will disappear. New leaders will have other customs and different principles. The influence of local tycoons such as Aivars Lembergs, Andris Skele and Ainars Slesers will decrease as they grow older. The ethnic criteria will no longer be the main factor in voting, voters will take more interest in the parties' economic programmes. This will not all happen in one go; democracy is recent in Latvia and the country still has to mature," he said.

The Organisation for Security and Cooperation in Europe (OSCE) sent a mission of 14 people, led by Nikolai Vulchanov to monitor the election on 2nd October.

The coalitions "Unity" and "Harmony Centre" are vying for first position in the most recent polls. The pollsters Latvijas

Fakti and Nikolo Grupa place the Russian speaking coalition ahead whilst Factum believes that it will be "Unity".

"Unity" is recruiting, the eldest and the most qualified as well as the highest ranking socio-professional categories amongst the Latvian electorate. However Harmony Centre is convincing most of the Russian speakers and the most modest socio-professional classes.

Coming in third is the "Greens and Farmers' Union followed by "For a Good Latvia" and finally "National Union".

"For Human Rights in a United Latvia" another Russian speaking party and the Last Party whose candidate for Prime Minister is a teddy bear, may rise above the 5% mark obligatory to be represented in the Saeima.

Nearly half the electorate say they are undecided. If we believe the polls turn out is due to be higher than that recorded in the last elections on 7th October 2006.

"We are living at a time when we all have to give something up (part of his salary or his profits) so that we can emerge from the crisis, this is why I hope that politicians will be careful and even hard with regard to what they say," declared the President of the Republic, Valdis Zatlers who is asking voters to demand real answers to their questions on the part of politicians and to vote "wisely" in the hope that the elections "bear witness to the civic responsibility and maturity" of the Latvians. Extremely concerned about the country's political stability the Head of State is planning to address the nation on the eve of the election in order to motivate electorate.

Whatever happens the country's next government will have to take some difficult decisions. Latvia is at a crossroads in terms of economic and political development and must absolutely make structural reform to ensure its future.

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