

Latvia

JĀNIS IKSTENS

University of Latvia

Table 1. Elections for the Saeima

Date of election:	2 October 2010			
Total number of seats:	100			
Electorate:	1,532,851			
Total votes cast:	965,538 (62.99%)			
Total valid votes:	944,841 (97.86%)			
Party	Number and percentage of votes	Change since 2006	Number and percentage of seats	Change since 2006
<i>Vienotība</i> – Unity (V)	301,429 (31.9)	+31.9	33 (33)	+33
<i>Saskaņas centrs</i> – Harmony Centre (SC)	251,400 (26.6)	+12.2	29 (29)	+12
<i>Zaļo un zemnieku savienība</i> – Union of Greens and Farmers (ZZS)	190,025 (20.1)	+3.0	22 (22)	+4
<i>Visu Latvijai!/Tēvzemei un Brīvībai/LNNK</i> – Everything for Latvia/For Fatherland and Freedom/LNNK (VL/TB/LNNK)	74,029 (7.8)	+7.8	8 (8)	+8
<i>Par labu Latviju</i> – For Good Latvia (PLL)	73,881 (7.8)	+7.8	8 (8)	+8
Others	54,077 (5.7)	–5.7	0 (0)	0

Table 2. Cabinet composition of Dombrovskis II

A. The party composition of Dombrovskis II:
Date of investiture: 2 November 2010

Party	Number and percentage of parliamentary seats	Number and percentage of cabinet posts
Vienotība – Unity (V)	33 (33)	8 (57)
Zaļo un zemnieku savienība – Union of Greens and Farmers (ZZS)	22 (22)	6 (43)

B. Cabinet members of Dombrovskis II:
Prime Minister/*Ministru prezidents*: Valdis Dombrovskis (1966 male, V)
Defence Minister/*Aizsardzības ministrs*: Artis Pabriks (1966 male, V)
Foreign Minister/*Ārlietu ministrs*: Ģirts Valdis Kristovskis (1962 male, V)
Minister of Economics/*Ekonomikas ministrs*: Artis Kampars (1967 male, V)
Minister of Finance/*Finanšu ministrs*: Andris Vilks (1961 male, V)
Interior Minister/*Iekšlietu ministre*: Linda Mūrniece (1970 female, V)
Minister of Education and Science/*Izglītības un zinātnes ministrs*: Rolands Broks (1969 male, ZZS)
Minister of Culture/*Kultūras ministre*: Sarmīte Ēlerte (1957 female, V)
Minister of Welfare/*Labklājības ministre*: Ilona Jurševska (1970 female, ZZS)
Minister of Environmental Protection and Regional Development/*Vides aizsardzības un reģionālās attīstības ministrs*: Raimonds Vējonis (1966 male, ZZS)
Transportation Minister/*Satiksmes ministrs*: Uldis Augulis (1972 male, ZZS)
Minister of Justice/*Tieslietu ministrs*: Aigars Štopenbergs (1963 male, VP)
Minister of Health Care/*Veselības ministrs*: Juris Bārdziņš (1966 male, ZZS)
Minister of Agriculture/*Zemkopības ministrs*: Jānis Dūklavs (1952 male, ZZS)

Table 3. Cabinet composition of Dombrovskis I

For the composition of Dombrovskis I on 1 January 2010, see Ikstens (2010: 1049–1057).

Changes during 2010:
Minister of Justice/*Tieslietu ministrs*: Mareks Segliņš (1970 male, TP) *resigned* on 23 March, and Imants Viesturs Lieģis (1966 male, V) became acting Minister of Justice on 20 April
Foreign Minister/*Ārlietu ministrs*: Māris Riekstiņš (1963 male, TP) *resigned* on 23 March and was *replaced* by Aivis Ronis (1966 male, Ind.) on 29 April
Minister of Regional Development and Municipal Affairs /*Reģionālās attīstības un pašvaldību lietu ministrs*: Edgars Zalāns (1967 male, TP) *resigned* on 23 March and was *replaced* by Dagnija Staķe (1951 female, ZZS) on 13 May
Minister of Health Care/*Veselības ministrs*: Baiba Rozentāle (1955 female, TP) *resigned* on 23 March and was *replaced* by Didzis Gavars (1966 male, Ind.) on 13 May

Changes in the parliament

Vineta Muižniece (People's Party) resigned from the parliament on 17 June to become a judge of the Constitutional Court of Latvia. Aija Barča (People's Party) left the faction on 19 March to become an independent deputy. Jānis Lagzdiņš (People's Party) left the faction on 24 April to become an independent deputy. Jānis Klaužs (People's Party) left the faction on 20 July to become an independent deputy. Mareks Segliņš (People's Party) renewed his mandate on 25 March after resigning from the Dombrovskis Government. Imants Kalniņš (TB/LNNK) resigned from his faction on 15 July to become a member of the faction of the Union of Greens and Farmers on 28 July. Vaira Paegle (independent deputy) chose to join the faction of the Civic Union on 27 January. Aleksandrs Golubovs (Harmony Centre) died on 19 May, and Martijans Bekasovs took up his vacant seat.

The faction For Fatherland and Freedom/LNNK (TB/LNNK) changed its name to faction For Fatherland and Freedom/LNNK/Everything for Latvia! on 15 July to promote the newly created pre-election alliance.

After the 10th Saeima was elected in October, a few changes took place by the year's end. Valdis Dombrovskis, Sarmīte Ēlerte, Artis Kampars, Ģirts Valdis Kristovskis, Linda Mūrniece, Artis Pabriks, Aigars Štokenbergs, Andris Vilks (all from Unity faction) temporarily resigned from the Saeima to take up ministerial duties on 4 November. Uldis Augulis, Jānis Dūklavs, Raimonds Vējonis (all from the Union of Greens and Farmers, ZZS) temporarily resigned from the Saeima to take up ministerial duties on 4 November. Armands Krauze (Union of Greens and Farmers) resigned from the Saeima permanently on 4 November.

Cabinet report

The Dombrovskis cabinet was supported by a majority coalition in 2009. However, leading coalition partners New Era and the People's Party were finding it difficult to cooperate due to longstanding programmatic differences and a widespread public belief that it was the People's Party and the LPP/LC party that were to be blamed for the implosion of Latvia's economy. New Era was trying to capitalise politically on that belief in view of the upcoming parliamentary elections in October and was blaming previous cabinets and, particularly, the two aforementioned parties for economic problems and the austerity measures required by the International Monetary Fund (IMF) managing the multi-source rescue loan to Latvia.

Assuming that the role of eternal scapegoat would seriously undermine its electoral fortunes, the People's Party skillfully left the governing coalition in March citing fundamental differences with New Era in tackling the economic

crisis. The People's Party denounced uncritical obedience of the Dombrovskis cabinet to the IMF that was becoming increasingly visible to a wider public, and promised to come up with an alternative plan of action. Simultaneously, the People's Party promised to support 'constructive steps' of the Government to deal with the crisis in order to keep running the Dombrovskis cabinet that had become a minority government by that time. The 'responsible opposition' stance added little to the support of the People's Party that shrunk again after the party failed to come up with an alternative approach to tackling the crisis.

New Era retained the reins of the government, distributed vacant ministerial positions among remaining coalition partners and firmly positioned Prime Minister Dombrovskis as a brave politician who has the character to deal with the collapsing economy.

Following the 2 October elections, the Unity alliance, of which New Era became the constituent member, agreed to continue a coalition with the Union of Greens and Farmers after tampering with the idea of setting up a grand coalition extending to the Harmony Centre and the nationalist union of For Fatherland and Freedom/Everything for Latvia!/LNNK. The latter was struck off the coalition partner list in response to covert pressure of the state president who was heading to Moscow for an official visit in December. Admission of the Harmony Centre to the ruling coalition at the national level would be groundbreaking and was endorsed by parts of the Unity alliance. However, the Civic Union that had gained best electoral results within Unity was opposed to such a coalition on ideological grounds.

As a result, a coalition of Unity and the Union of Greens and Farmers agreed to work under the premiership of Valdis Dombrovskis. However, the number of ministries was slightly reduced and political oversight of some ministries was changed. Some pundits pointed out that the Union of Farmers and Greens had received most of the problematic ministries where profound structural reforms (and accompanying spending cuts) were to be implemented, which would serve as an in-built source of tensions within the coalition. However, the Union of Farmers and Greens swiftly became an 'opposition within the coalition', criticising openly the Unity plans for cuts on social spending. These tactics, accompanied by the increasingly obvious failure of Prime Minister Dombrovskis to produce a vision for the country's recovery, contributed to a rise of ZZS popularity in early 2011.

Election report

The 10th Saeima elections were held on 2 October. The legal framework of the elections was amended in 2009 so as to limit to one the number of electoral districts in which a candidate can be fielded.

Although some pre-election surveys provided indications of potentially lower turnout than in the 2006 parliamentary elections, the actual turnout grew by two percentage points to reach 63 per cent. One of the explanations offered for the reverse of the falling turnout trend over the last three parliamentary elections cited a consolidation of political organisations into larger electoral alliances, which made voters' choice somewhat less complicated. The consolidation led to a notable decrease in the number of registered slates – from 19 in 2006 to 13 in 2010. However, the number of candidates rose by 20 per cent – from 1,024 in 2006 to 1,234 in 2010. This is largely explained by changes in the election law.

Formation of electoral alliances served different purposes in different cases. An attempt to rebrand two parties that were largely held responsible by the general public for the mismanagement of the country and the depth of the economic crisis appears to be the most important stimulus for the People's Party and the LPP/LC party to establish an alliance together with a number of so-called 'regional parties' (that are no more than electoral vehicles for local notables in municipal elections) and a fistful of prominent entrepreneurs under the title 'For Good Latvia'. For Fatherland and Freedom/LNNK sought a rescue from the further erosion of its support in forming a joint candidate list with the youthful nationalist Everything for Latvia! party under the pretext of consolidating its nationalist wing. Three parties – New Era, Civic Union and Society for Different Politics – claiming to advocate clean and transparent politics and making up the centrepiece of the minority government of Valdis Dombrovskis formed a joint candidate list under the name of Unity. This not only bode well for the public's desire to see fewer political parties in Latvia, but was also proclaimed to be the first step in the process of setting up a single political organisation on the basis of the three parties.

The elections took place against the background of a severe economic crisis that hit Latvia in early 2009. Drastic austerity measures introduced at the advice of the IMF reduced the quality of life of many working persons, particularly those employed in the public sector. Funding for many public programmes was cut, while the level of unemployment touched the 15 per cent mark.

In early 2010, tensions grew between two main coalition partners as New Era relentlessly blamed the People's Party for the state of the country. However, the People's Party began to surf the public's growing disillusionment with the IMF programme of fiscal adjustment after it was becoming increasingly clear that the austerity measures would not produce quick results. After the People's Party left the governing coalition in March, it seemed that the election campaign would revolve around the issue of economic recovery, and two programmes – one essentially provided by the IMF and endorsed by New

Era/Unity and one drafted locally by the pro-business People's Party and its allies – would compete for voter support in October.

However, the People's Party never produced anything more detailed than a 60-slide presentation enlisting current economic trends and potential areas of consolidation that served as a programmatic springboard to jump off the coalition train in March. Even a close association with the For Good Latvia entrepreneur movement and the establishing of an electoral alliance with the LPP/LC party under the title of 'For Good Latvia' did not serve as an impetus to come up with an alternative set of proposals for the country's development.

Along the campaign trail, the People's Party gave up its earlier idea of unpegging the national currency to the euro and effectively devaluing the Lats. The Bank of Latvia stood very firmly on retaining the existing exchange rate policy, and supporters of devaluation did not offer solutions for the huge pool of borrowers who had taken loans in euros and would suffer from devaluation instantly. Consequently, this idea enjoyed more support in expert circles rather than among the general public and was discarded as a campaign component.

Furthermore, the For Good Latvia alliance chose to nominate Ainārs Šlesers – an energetic leader of the LPP/LC party – as its candidate to the position of Prime Minister in an attempt to strengthen its public leadership. Andris Šķēle, another likely candidate and the charismatic leader of the People's Party, continued to endure very low popularity ratings as wide segments of society perceived him as a dishonest politician and entrepreneur involved in several scandals and court proceedings. This choice turned out to be suboptimal as Šlesers' performance was surprisingly bleak and revelations about his father and early entrepreneurial career further damaged his profile. Thus, the Unity bloc and the Harmony Centre bloc emerged as the main contenders for victory. Unity further underlined this dichotomy by casting the whole campaign as a choice between two and only two candidates for the premiership: Valdis Dombrovskis of Unity and Jānis Urbanovičs of Harmony Centre.

Dombrovskis ran the Unity campaign as a brave and responsible politician who would successfully navigate Latvia out of the stormy waters of economic crisis. In the summer, the first signs of economic recovery emerged and those were framed as the results of the Dombrovskis cabinet backed by international lenders. Moreover, endorsements of Latvia's policies voiced by foreign politicians and international bodies served as a benevolent background for Dombrovskis who was rightfully accused by opponents of lying about not reducing the old-age pensions on the eve of the 2009 elections. The credibility of the technocratic Prime Minister was not fundamentally endangered.

Urbanovičs, on the other hand, was trying to establish an alternative platform by criticising the policies of the Dombrovskis cabinet and calling an end to the country's shameful dependence on international lenders. Apart from the

usual calls for a social market economy and introduction of a progressive taxation system, the Harmony Centre spoke of the need to look for a swift refinancing of the rescue loan from unspecified sources in the East. This bloc continued its earlier attempts to tap into the ethnic Latvian voters who resented current policies. However, Urbanovičs made a notable mistake by drawing a parallel between ethnically motivated bloodshed in the Kyrgyz capital of Bishkek in 2010 and possible social unrest in Latvia as a consequence of government policies. This was seen by many as a threat of politically motivated violence from a pro-Moscow political organisation, which did not help the party strengthen its positions among ethnic Latvian voters.

The Union of Greens and Farmers, another partner in the governing coalition, kept a low profile on most campaign issues by focusing on its traditional strength in the areas of agriculture and environmental protection. It deflected any criticism by pledging trust in and full loyalty to economic policies advocated by Prime Minister Dombrovskis. Its rural stronghold was further consolidated by naming Aivars Lembergs – a seemingly successful mayor of Ventspils who, however, is involved in several court proceedings in and outside Latvia on charges of money laundering and other violations – to be the Union's nominee for premiership. Lembergs' skills of public communication appear to have been important in mobilising support throughout the final weeks of the campaign.

Although campaign spending limits had been relaxed in 2009, only For Good Latvia neared the ceiling. Some pundits believe that it was the capital-intensive campaign that finally allowed this alliance to pass the electoral threshold. However, the official reports did not include a series of televised discussions geared towards promoting the alliance. Furthermore, it is believed that top politicians of For Good Latvia were co-financing the purchase of *Diena* newspaper – perhaps the most respected Latvian-language daily with a liberal, anti-oligarchic orientation – in an attempt to reverse its course on the eve of elections. Yet, the degree to which this task (if it existed) was accomplished remains to be discussed.

An unusual trick was used by the Unity bloc to dichotomise the race of candidates to the post of Prime Minister. With the assistance of GfK Custom Research Baltic, it launched a 'mass survey' inquiring about the public support of Valdis Dombrovskis and Jānis Urbanovičs and forcing tens of thousands of respondents to choose between the two. While it may have helped achieve the galvanisation objective, this matter was scrutinised by the Sociologists' Association of Latvia as a breach of the professional code of ethics. Representatives of GfK described their survey method as a push poll and further consultations were made with the European Society for Opinion and Market Research (ESOMAR). At the time of writing, however, the matter was not resolved.

Although Harmony Centre led in the polls for most of the campaign, it was the Unity bloc that scored an impressive victory, gaining 33 per cent of seats in the parliament. Harmony Centre came second with 29 per cent of seats, while the Union of Greens and Farmers took 22 per cent of seats. For Good Latvia and the nationalist bloc took 8 per cent of seats each. An electoral victory of a bloc presiding over a severe austerity programme, coupled with structural reforms in several branches of public administration under the circumstances of economic collapse, is surprising by most accounts. However, a few factors may help explain the turn of events. First of all, the economy began to show signs of recovery as exports grew by 20–30 per cent year-on-year. Second, reputable newcomers to politics – a frequent weapon of the dissatisfied sector of voters in earlier elections – were absent. Third, the Dombrovskis cabinet was backed by the IMF policy proposals (or vice versa) while other contenders lacked a well-articulated platform that would constitute an alternative offering to voters. Fourth, the depth of the ethnic cleavage continued to affect political competition as most voters found it impossible to cross ethnic lines even if they felt discontent. Fifth, a more consolidated political landscape reduced the number of viable alternatives, which led to a sharp reduction in the number of votes cast for candidate lists that did not clear the electoral threshold.

Institutional changes

The year 2010 saw a long-awaited change in the regime of party financing. The parliament finally voted to introduce direct public subsidies to political organisations effective from 1 January 2012. All parties gaining at least 2 per cent of votes in the latest parliamentary elections would be eligible for public funding. However, the total amount of subsidies is modest: 0.50 Lats (€0.70) per vote per year. The recipients will be allowed to use subsidies to cover administrative costs (office, staff), research costs and also campaigning costs. Subsidies are likely to have limited impact on the current heavy dependence of parties on private funding as the spending in off-election years, according to official party financial declarations, exceeds 1 million Lats (€1.4 million) while the total amount disbursed would hardly reach 0.5 million Lats. In years of parliamentary elections, the total reported spending increases several times.

Issues in national politics

Given the collapse of Latvia's economy in 2009, the most important task of the parliament and the cabinet was to identify and implement policies that would

lead to a stable and sustainable economic recovery and that would help pay back the international rescue loan. Being the manager of the loan, IMF was advising the cabinet on policies it believed to be most appropriate. These included severe cuts in public spending that *inter alia* reduced salaries in the public sector by some 25 per cent over a period of two years in 2009–2010. Unemployment reached 15 per cent, and discussions about the devaluation of the national currency continued. The rising social costs of returning Latvia to a path of sustainable growth sensitised the public to the seemingly never-ending process of fiscal consolidation, or, simply put, reduction in public spending.

Particularly painful was the issue of old-age pensions that the IMF believed to be excessively high and in need of trimming down in line with other public spending reductions. It was asserted that social spending is the only large item in the state budget not affected by drastic cuts. On the other hand, old-age pensions had become a kind of moral issue after former Prime Minister Godmanis stated a reduction in pensions would effectively mean an ethical bankruptcy of the state of Latvia. Moreover, Valdis Dombrovskis had lied about not touching pensions in 2009, for which he finally apologised in the run-up to the 2010 election. Furthermore, several nongovernmental organisations and some political parties (including the Union of Greens and Farmers) clearly objected to any measures aimed at reducing old-age pensions. This debate ultimately drained sufficient political support for any reforms in the realm of pensions, and other ways to meet the required consolidation of the state budget had to be identified. Consequently, a reduction in subsidies to newborns was introduced despite some fear that this move would further undermine any efforts to increase the birth rate that was among the lowest within the European Union.

Choosing the Prosecutor General in the Saeima was a high point of political tensions before parties stepped onto the campaign trail for parliamentary elections in October. Given the track record of the incumbent, Jānis Maizītis who was widely believed to be free from political influences, his re-election chances were unclear in spite of support by New Era and a few other parties. A media campaign was launched to pressure Saeima deputies to reveal their preferences, and a clear majority stated that they would support Maizītis. However, he failed to garner the necessary support on 15 April and withdrew from further competition. Although the Dombrovskis cabinet did not fall on this vote, this episode added to the public distrust in politicians and has been repeatedly mentioned in public debates on political accountability and trustworthiness of politicians.

A further blow to reputation of decision makers was dealt in February when huge amounts of data about salaries in the public sector were made public. The data were obtained by an information technology expert who used a security loophole in the system of the State Revenue Service. This incident

not only raised issues about the safety of sensitive data at the disposal of government, but revealed the actual remuneration of top managers of public institutions that decreased in 2009 at a considerably slower pace than for other categories of civil servants. The methods of investigation also raised the issue of a journalist's right to protect his or her sources. Despite energetic police attempts to investigate the case and bring the confessed software developer to justice, the case had not been sent to the court at the time of writing this article.

Another institution of justice, the Anti-corruption Bureau, had been an uneasy interlocutor for politicians. The bureau had a stated goal of combating high-level corruption and had been making arrests of some politically important figures, including a former head of the Urban Development Department of the Rīga City Council responsible for granting construction permits in the capital city. After the former head of the Bureau, Aleksejs Loskutovs, was removed from office, the new director, Normunds Vilnītis, began to restructure it under the pretext of strengthening the regional units in order to fight corruption outside the capital city. This prompted an angry reaction from two deputy directors of the Bureau, claiming that the Vilnītis plan is aimed at an overall weakening of the Bureau and making its operations feeble in order to serve the interests of so-called 'oligarchs' in Latvia. Vilnītis, a former member of the Social Democratic Workers' Party of Latvia who had financial vulnerabilities in the form of large loans to banks, struck back with a series of internal investigations against the two deputies. Those, in turn, submitted to the Prosecutor General a list of 76 alleged violations by Vilnītis. Prime Minister Dombrovskis chose not to take an active position on the issue before the Saeima elections, but appeared to side with the rebellious deputies after he was reappointed Prime Minister.

Sources and further information

Publication:

Ikstens, J. (2010). Latvia. *European Journal of Political Research* 49(7–8): 1049–1057.

On the Internet:

Cabinet of Ministers: www.mk.gov.lv

Central Election Commission: www.cvk.lv

The President's Office: www.president.lv

The Saeima: www.saeima.lv