

# BULLETIN

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## Uncertain Change After the Parliamentary Elections in Lithuania

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*The campaign ahead of the planned 14 October parliamentary elections in Lithuania has not only focused primarily on the country's economic problems but also on energy security. The assumption of power by the opposition could result in a withdrawal from the relatively restrictive financial policies of the current government and impede the implementation of certain energy projects. Although the change in government would also affect Lithuanian foreign policy, it would only to a limited extent contribute to the improvement of relations with Poland, which are dependent on the improvement of the Polish minority's status in Lithuania.*

**The Pre-election Situation.** Despite improvement in the economy, a significant portion of Lithuanian society still struggles. Unemployment remains at more than 13%, real wages are declining and costs of living are rising (mainly energy), thus many Lithuanians are opting for emigration to other EU countries. Public opinion is not favourable to current Prime Minister Andrius Kubilius, the leader of the Conservatives who has been criticised as being responsible for the decline in the standard of living because of the government's restrictive fiscal policies (reducing pensions, raising taxes). The ruling party had been losing popularity as a result, but according to the latest polls, the Conservatives have somewhat improved in their standing (now above 10%). However, the opposition Lithuanian Social Democratic Party (Social Democrats) and the populists (Labour Party and Order and Justice) clearly remain in the lead. These opposition parties have resumed informal talks about forming a possible coalition government. According to the polls, they could gain up to 50% of the total votes from national lists, which would mean up to 35 of the 70 seats available in the 141-member parliament. The remainder (71) of the seats are elected directly.

The present campaign has highlighted the fragmentation of the country's political scene, and some parties risk falling below the threshold to remain in or enter parliament. This is mainly caused by disappointment amongst society with the public elite, for example, the nationalisation of the Snoras bank and a scandal involving public officials and the unexplained death of a man named Dąsčius Kedys. There are also allegations of corruption and financial fraud against members of various political parties.

**The Polish Minority and the Election.** Although the issue of national minorities has not been as present in the pre-election debate as strongly as in previous years, the opposition has criticised Kubilius government policy in this regard. The Social Democrats are in favour of, for example, changing a new education law that is opposed by the Polish minority in particular. The political representation of Lithuanian Poles, who account for more than 6% of the population, is the Electoral Action of Poles in Lithuania (EAPL). In the upcoming elections, the party wants to gain votes beyond the Polish minority. To do this, it is cooperating with the Russian minority party (Alliance of Russians), or with the Lithuanian People's Party, which signed an agreement with the pro-Putin United Russia Party. EAPL does not want to be identified only with Lithuanian Poles, and its leaders point out that among its candidates are representatives of other ethnic minorities and even ethnic Lithuanians. This probably will allow the party to increase its chances to cross the electoral threshold (5%), which would result in about 10 seats in parliament (in previous elections, EAPL won 4.79% of the votes). Its stronger position alone, though, could facilitate the change of important legislation for minorities but which requires the support of a majority of votes in parliament.

**Perspectives.** It is likely that the current government, because of its restrictive fiscal policy, will lose power. Therefore, the Social Democratic, Labour and Order and Justice parties probably will form a new government. A release from austerity policy may be expected, but the implementation of populist measures, such as significant increases in the minimum wage or reductions in unemployment to minimum levels is almost unrealistic. If these parties take power, it would also have implications for foreign policy, as the Social Democrats and the Labour Party are in favour of improving relations with Russia. These parties care to a lesser extent than the Conservatives about Russian recognition of the Soviet period as a time of occupation. The strengthening of Lithuanian–Russian economic cooperation, mainly in the transport and energy sectors, would be likely because, for example, the Social Democrats are sceptical of proposals for a nuclear power plant in Lithuania. The opposition points out the need to improve relations with other neighbours, including Poland, but specific proposals are lacking.

Although support for the Kubilius government has dropped significantly, a scenario in which Conservatives would be able to form a new coalition, most likely with the Social Democrats, cannot be ruled out. That scenario depends on the post-election arithmetic and a simple calculation of how many parties manage to cross the electoral threshold and which of those would be a coalition partner. Meanwhile, the participation of the Conservatives in the new government would partially guarantee the stability of the current fiscal policy, and even the Social Democrats would only push for an increase in state subsidies and tax reform depending on the economic conditions. That would be a continuation of Lithuania's strong pro-European course, which enhances its current energy policy that includes projects that increase the country's energy independence from Russia. However, the otherwise more realistic scenario—the success of the opposition parties—does not assume that course will be maintained.

It would be possible the adopted priorities for Lithuania's presidency of the EU that imply maintaining a consistent fiscal policy for the Union, the harmonisation of external energy policies, and support—dependent on the progress of reforms—for the Eastern Partnership (EaP) countries, could be changed. This would mean, for example, the government might take a more pragmatic approach to the EaP countries, especially those with which Lithuania has strong trade ties. That was already Lithuania's argument against EU economic sanctions on Belarus.

**Conclusions for Poland and the EU.** It is likely the opposition parties will win the elections but will find it difficult to confront their campaign promises while also needing to continue maintaining a restrictive fiscal policy. In addition, a change of power would result in changes in foreign policy, including relations with neighbouring countries and the EU. The pragmatic approach announced by the opposition parties would include increasing cooperation with the country's non-EU neighbours—Belarus and Russia, and probably enacting a more balanced European policy, which could mean, for example, slowing the implementation of the euro.

Although the opposition parties are in favour of the need to improve relations with Poland, the achievement of a Polish–Lithuanian consensus, which requires political will from both sides and depends on the improvement of the status of the Polish minority in the country, won't be easy to reach. In this, the legislative changes approved by parliament seem to be crucial. However, the Lithuanian Poles' party can itself play an important role, but on the condition it will strengthen its own political position by increasing the number of seats it gains in parliament. That would make it a more serious partner in parliamentary discussions.

The strengthening of Polish–Lithuanian cooperation in the EU would be desirable in view of the upcoming Lithuanian EU presidency. That would be conducive for Eastern Neighbourhood development, thus making it possible to again draw EU attention to the countries included in the program, since Poland and Lithuania are particularly interested in the intensification of the democratisation process in the region. However, this will require greater EU financial support, which is why Poland and Lithuania should seek to strengthen EU activities, especially in order to increase the economic integration of EaP countries with the European market through mainly the provision of in-depth trade agreements (DCFTA).

It is in the interest of both countries to accelerate the implementation of joint energy and infrastructure projects, such as the construction of the Via Baltica and Rail Baltica lines and gas and electricity interconnectors. The liberalisation and creation of a Baltic area electricity market is important for both the economy and security of the region.