



## The New Government in Lithuania: Prospects and Challenges

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*Lithuania's new government of the Lithuanian Union of Farmers and Greens, which won this October's election, and the Social Democratic Party of Lithuania will be sworn in by 15 December. The coalition government may prove to be an obstacle to the implementation of the ambitious social-policy plans that were at the centre of the campaign. Lithuania's foreign policy will not change. Indications from the victorious party about the untapped potential of Polish-Lithuanian cooperation probably are unlikely to translate into a solution to contentious issues, including those concerning the ethnic Polish minority in Lithuania. However, the change of government is another opportunity to improve these relations.*

**Political Change.** The victory of the Lithuanian centre-right Union of Farmers and Greens (LVŽS), which won 56 of 141 seats in the unicameral parliament, signals a change in the Lithuanian political scene. The Social Democratic Party of Lithuania (LSDP) lost its dominant position (down to 19 seats from 37) but will be the smaller coalition partner in the new cabinet.

Despite optimistic pre-election polls and winning the first round of voting (70 deputies from the national list), the conservative Homeland Union–Lithuanian Christian Democrats (TS LKD) remains the second-largest party in parliament and will continue to be in the opposition (losing two seats to 31 total). The Liberal Movement gained 14 seats and, while the national and conservative Order and Justice (the party of former President Rolandas Paksas) and the centrist Labour both won seats, the election result indicates a decline in public trust for both parties. The Electoral Action of Poles in Lithuania–Association of Christian Families (AWPL-ZChR) won eight seats but will not take part in the new government.

The victory of LVŽS, a party lacking strong regional structures, can be explained by the anti-establishment sentiment among Lithuanians, as well as by the support of voters who decided late in the campaign. In many districts, the previously dominant party or parties lost, for example, TS LKD, which lost in traditionally conservative Kaunas. In total, LVŽS won 35 of the 71 seats available in single-mandate constituencies. This resulted in the exclusion from parliament of a significant number of the existing party elites, with many prominent politicians losing their seats and more than 80 MPs being elected for the first time. The victory of LVŽS, which had only one representative in parliament during the previous term, suggests a changing elite. The apparent newness of LVŽS is misleading because it has its foundations with parties that operated as early as the 1990s. When those parties from the time of the country's transformation ran out of steam, new political organisations based on them emerged and gained public confidence.

**Ambitious Election Programme.** The success of LVŽS is also a result of populist slogans based calls to strengthen the welfare state. The most popular of these were pledges to increase the minimum wage (currently €380 per month), pensions by €40 (currently averaging €266 per month), introduce family allowances (about €60 per month for each child), and raise the tax-free earnings allowance. These ideas were accompanied by promises of improvements in the functioning of state institutions, a reduction in administration costs, and a greater role for the government in economic governance.

The attraction of these promises regarding social policy had an even greater impact since Lithuanians are still feeling the effects of the restrictive financial policy stemming from the economic crisis of 2009–2010. It included major cuts in the public sector and reduced social policy spending by as much as 40%.

In addition, the outgoing Social Democratic government decided to adopt the euro in 2015, which required the fulfilment of eurozone convergence criteria, such as maintaining financial discipline. Also, Lithuanians have seen a deterioration in their economic situations due to price increases. The higher living costs coincided with an increase in emigration, with more than 44,500 people leaving in 2015, or nearly 20% more than in 2014.

**Challenges for the Next Government.** The coalition of LVŽS and LSDP results from their similar public and, to some extent, economic policy visions. However, if LVŽS attempts to fulfil its election promises, controversial from LSDP's point of view, it may lead to friction in the government.

Ramūnas Karbauskis, the LVŽS leader, advocates increasing the state's role in economic governance. He has called for greater government supervision over the distribution of medicine and alcohol and the postponement of the entry into force of new, more liberal employment provisions adopted by the outgoing Social Democrats. There are clear ideological differences in the coalition, with the winning party the more conservative. LVŽS's attachment to conservative traditions may be expressed in attempts to carry out structural reforms, including in health and education.

Personal disputes may also hinder the government's efforts. Mindaugas Sinkevičius, a 32-year-old with a doctorate in economics and vice-president of the Social Democrats, is likely to be responsible for implementing the economic reforms. LVŽS has proposed Saulius Skvernelis as prime minister. He served as chief commander of the police and then minister of the interior in the outgoing government. He had previously been elected from the lists of the Order and Justice party and built his political career as a technocrat and a specialist fighting corruption. Karbauskis, despite leading LVŽS, will only take the position of chairman of the party's parliamentary faction. Meanwhile, he is widely perceived as one of the most influential people in the country and is now the richest parliamentarian.

**Foreign Policy and the Ethnic Polish Minority.** The increase in the perception of a threat from Russia remains the main influence on Lithuanian foreign policy. It stems from Russia's aggression in Ukraine and the intensification of cyberwarfare and propaganda actions. Lithuania, a NATO flank state, therefore intends to strengthen its security. It will seek smooth implementation of the NATO Warsaw Summit provisions and the effective deployment on its territory of a battalion battlegroup, with Germany the framework state in 2017. It is possible that Lithuania will also strengthen bilateral military and defence cooperation with Germany. Lithuania will also remain active in the EU forum, particularly with regard to the Baltic Sea region. All of this is a continuation of Lithuania's established foreign policy, for which both the government and the head of state are responsible.

President Dalia Grybauskaitė, officially independent but a supporter of the conservatives, often plays a dominant role in foreign policy, in part due to her charisma. With Social Democrat Linas Antanas Linkevičius expected to remain foreign minister, changes in foreign policy are even less likely.

Neither will there be any radical change of policy regarding the ethnic Polish minority in Lithuania. Although the Social Democrats have stated that the coalition agreement takes into account LVŽS objections to the use of Polish characters in the spelling of names, the next prime minister is seeking to avoid taking such an unequivocal position. He has announced the possibility of a compromise, including in the way Polish names appear in passports. Similar actions were also indicated by previous governments, especially at the start of their terms, but such promises usually remained mere declarations.

**Prospects.** The Lithuanian political scene has undergone a major change. Replacing the vast majority of MPs with deputies who have no parliamentary experience may affect the efficiency of the Sejm, especially at the beginning of its coming term. It also means an increase in volatility, both in parliament and the new cabinet. The government coalition was based on the participating parties' similar social programmes, which—driven by Lithuania's economic conditions—became the main theme of the campaign. However, their implementation could prove difficult, as could cooperation within the coalition government in other areas. This is because of the differences of opinion on some economic issues, the technocratic character of the cabinet, and the coalition's overall small parliamentary majority (only a few members).

In parliamentary votes, the government is likely to seek the support of parties representing Lithuanian Poles, but it does not guarantee a solution to their issues. However, Poland could use the declarations of LVŽS, the main coalition partner, to strengthen cooperation with Lithuania in areas important for both sides. This may encourage improved bilateral relations.

Lithuania counts on the construction of a gas interconnector linking it to Poland and on the expansion of electricity connections between the countries. The prospect of integration with European networks will allow for the Baltic States to de-link from the post-Soviet area system, thus increasing Lithuania's independence from Russia and improving its security vis-à-vis energy. In addition, the Via Carpatia transport corridor, a priority infrastructure project from the Polish point of view, will go through Lithuania, indicating the need for stronger relations between the two countries. Increased expert cooperation should translate into more intensive contacts at the high political level and could also improve bilateral relations.