

Quo vadis Latvia?

If 5,000 Latvians were ready to brave the rain and biting cold to demand the fall of the government, as they did on October 18 at 8:00 in the morning, and if two weeks later another 10,000 could gather in the first blizzard of the season in the main Old Town Square, then something definitely has happened in Latvian politics. Latvians are "Nordic" and hence not easily moved, unless faced by something really threatening.

by Atis Lejiņš



Is Moscow massing troops on the eastern border? No. The Latvian government instead has decided to attack *KNAB*, the Office for Combating Corruption in Latvia, which was established shortly before Latvia joined the EU and NATO in 2004. Prime Minister Aigars Kalvītis had gone on TV and announced that he had lost patience with its director, Aleksejs Loskutovs, and hence fired him. The alleged reason was faulty bookkeeping, which the State Audit had noted four months earlier.

Just days later, after Loskutovs' firing in a vote of "no confidence" in the parliament, Kalvītis admitted that this was a political mistake, but that he had acted in good faith. Few believe that errors in bookkeeping were the real reason for dismissal. If so, most ministers would have to be sacked, not to mention corporate CEO's. Both the State Attorney and the State Audit itself were surprised by the harshness

from Kalvītis. In fact, the State Attorney came out to say that the dismissal was illegal, while the Latvian president Valdis Zatlers announced that the "punishment was not adequate to the crime." *KNAB* has to be careful with bookkeeping relating to secret operations, otherwise any leakages could bring trouble from the Bureau for the Protection of the Constitution (Latvian acronym *SAB*), the main secret service body that watches over state secrets. The general feeling is that *KNAB* was becoming too successful in fighting corruption – a "danger" faced by similar organizations in the rest of the new EU/NATO member states. This can lead to political interference resulting in the "reorganization" of the agency concerned, which, in turn, results in the removal of the "danger", at least for the time being. In Latvia's case *KNAB* was digging too deeply into party election funding sources and sharpening its knives against the power brokers in Latvian politics, the

so-called oligarchs. One is already under house arrest and facing trial, something that would have been unimaginable only a year ago.

The government survived the no-confidence vote, but after the budget for 2008 is passed, Loskutovs was next on the agenda. But the Saeima (parliament) balked even before the budget vote, and threw the Loskutovs "file" back to the government. That means Kalvītis will have to go, and Loskutovs will stay. The "voting machine" of the ruling center right coalition of four parties is cracking before the onslaught of public opinion. The trade unions, dissatisfied with wage increases, are, in addition, calling for the dismissal of the parliament, a possibility that President Valdis Zatlers has not discounted. Polls show that 57 percent of voters would like a new Saeima. Already four ministries have only caretaker ministers, due to defections, a sacking, and hesitancy by a coalition member to assume a port-



Protest at Dome Square in Riga on Nov. 3 was one of the largest political demonstrations since Latvia regained independence in 1991

folio in a government whose days are numbered.

What is the basis for this extraordinary series of events which literally exploded when the American ambassador to Latvia, Madam Catherine Todd Bailey, delivered an emotional speech to a packed audience in the Great Hall of the University of Latvia just two days before the spontaneous demonstration on October 18? This was an extraordinary event that shocked Latvia – a major ally warning that Latvia could be departing from shared values. Apparently the government was not listening to the “quiet diplomacy” channels usually reserved for such purposes. The US was instrumental in setting up KNAB as a condition for Latvia joining NATO, as indeed it was the condition for a number of other new NATO entrants. Washington was now faced with a “roll-back” in an area considered strategic by both the United States and Latvia.

The current political turmoil in Latvia illustrates a larger problem that prevails in all of the new EU/NATO states, i.e. how to manage the transition from “wild capitalism”, that reigned supreme

with the living standards of the older EU countries, an independent judiciary with special corruption fighting bodies that are free from political control is of decisive importance. Enormous

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during the 1990’s, and “capitalism with a human face” that is now the logical outcome after privatization has ended. Poland and Hungary, for example, show that politics will be turbulent for some time to come. The danger is that one step backwards will not always mean that two steps will be taken forward unless civil society is strong and active. In the frantic rush to catch up

resources can be saved that can fill the state budget with revenue that can be spent on raising wages for the police, prosecutors, doctors and teachers who are leaving their posts for better paid jobs in Old Europe. ■

*Dr. Atis Lejiņš
is the Director of Latvian Institute of
International Affairs, a Riga-based
think-tank*