

Latvian government resigns under pressure from pro-austerity right

Markus Salzmann
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Latvian prime minister Laimdota Straujuma announced her resignation on Monday. This was followed by the resignation of her entire right-wing government. Until confirmation of a new government, however, Straujuma remains as caretaker premier.

Straujuma justified her resignation by referring to increasing pressure from inside Unity, her own party, together with discontent with her rule from her coalition partners—the Union of Greens and Farmers (ZZS) and the ultra-right National Alliance (NA)—as well as pressure from the European Union (EU).

For some time, rumours about the possible resignation of Straujuma have been circulating in the Latvian press. Only recently, she stated she planned to remain in office despite the “campaign” against her, but in particular there had been a number of clashes with the neo-fascist forces in her government.

The latter had protested loudly over a request from the EU that the country accept 776 refugees. Straujuma’s Unity was in favour of accepting this token amount of refugees, fearful of the EU’s negative reaction, while the two coalition partners were strongly opposed. Three of the 13 members of the government broke cabinet discipline and voted against the EU decree. Green leader Raimonds Vējonis finally issued a decree urging the government to come to an agreement on the refugee issue after weeks of bickering.

Conflicts also arose over the dismissal of the transport minister following a scandal involving the airline Air Baltic. A potential investor was accused of representing Russian interests.

Problems also arose in the implementation of the austerity budget for the coming year. The budget entails massive tax increases. Last month, teachers went on strike against savage cuts in the education system and extremely low wages.

Straujuma has been head of government since January 2014, taking over from Valdis Dombrovskis, who resigned after five years in office. Straujuma won the election in early October under the impact of the Ukraine crisis and on the basis of a hard-line anti-Russian course. She firmly supported EU sanctions imposed on Russia and called for a stronger presence of NATO troops in the Baltic Republic.

In her inaugural speech, Straujuma had pledged to continue the strict austerity policies of her predecessor. In 2008, Latvia was hit hard by the world economic crisis. Since then, the economy has shrunk by more than 20 percent. In a country of 2 million inhabitants, an additional 90,000 live in poverty compared to 2010—i.e., the poverty rate has increased from 14 to over 20 percent. Austerity policies have drastically increased social inequality.

Under the supervision of the IMF and the EU, Straujuma’s predecessor Dombrovskis had undertaken mass redundancies in the public sector, increased consumer taxes and adopted a flat tax, which favours the rich. Following his resignation he was appointed EU commissioner—with responsibility for “social dialogue”!

The Latvian government and the EU praised the brutal austerity measures as a success story. While high-income earners were relieved by the flat tax, the Baltic Republic has proportionately the EU’s largest low-wage sector with average wages of €2 per hour.

Even so, the ruling elite is not satisfied, and that is one of the reasons for the pressure that led to the resignation of the government. At a press conference on December 4, the head of the Bank of Latvia, Ilmars Rimšēvičs, demanded that the government agree to a strict “zero-deficit budget”. The budget for 2016 foresees a deficit of around 1 percent.

Rimševičs demanded that all government departments undertake cuts—without “taboos”. He said further structural reforms in education and health were vital and expressed his hope that such reforms could be implemented in 2016. Around half of all hospitals have been closed in Latvia since 2009. Many parts of the country today lack any social infrastructure. Further cuts would be disastrous.

Sections of the Latvian elite and the EU regard Straujuma as incapable of enforcing such a massive cuts programme. They accuse her of lacking charisma and possessing a “civil servant mentality”—i.e., she is not ruthless enough. Even the chairman of Unity recently criticised the head of government on Latvian Television and said what was needed was a “stronger and more active” government.

The formation of a new government will not be easy. All of the major political parties in Latvia are utterly reactionary. They represent a small minority, lack any substantial base in the population, and are characterised by corruption, nepotism and political instability.

President Raimonds Vējonis, who has the job of nominating a new prime minister, is himself deeply implicated in the government crisis. He is chairman of the Greens, a party with around 500 members, which was founded shortly before the country’s independence by right-wing anti-communists. Like its ultra-right coalition partner, NA, today the Greens defend the “traditions” of Latvia while at the same time supporting close ties with the EU.

Vējonis has announced he will commence talks with all parliamentary parties. The chair of the ruling Unity, Solvita Āboltiņa, proposed a coalition with one of the two small opposition parties: “Alliance of the Regions” and “For Latvia from the heart”. “Everything is up for grabs. Nothing is clear”, declared Veiko Spolitis, a member of Unity.

Less likely is collaboration with the Harmony party, which has the biggest fraction in the Latvian parliament, and is based primarily on the country’s large Russian minority. Such collaboration cannot, however, be completely excluded.



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