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The People's Party in Latvia: Neo-Liberalism and the New Politics of Independence

IEVA ZAKE

The political success of the neo-liberal People's Party in a mainly nationalist context of post-Soviet Latvia represents a development unpredicted by research. The previous analyses did not consider the importance of globalization and region's global aspirations in creating new social groups with different political interests. A variety of secondary sources, press materials, party documents and regional analysis show that the rise of the People's Party in 1998 is symptomatic of the potentially positive effect of international integration in Latvia. Concretely, the party's entry into the political scene signalled the end of the earlier, ethnic-oriented and nationalist political system, and the beginning of a more class-based politics.

The political changes in Eastern Europe after the collapse of the Soviet Union have received a substantial amount of scholarly attention. However, very little is known about the impact of contemporary globalization in the region. The new post-Soviet states all have undertaken a complicated task: strengthening sovereignty, while fulfilling their goal of rapid integration into various European and global organizations and business networks. This process, it appears, has considerably influenced the political, social and economic contexts of these countries. Using the example of the People's Party in Latvia, the present article shows that the impact of globalization can lead to interesting – and so far unpredicted – changes in the political systems of post-Soviet nation-states. In response to generally pessimistic views of globalization,¹ I present Latvia's case as evidence supporting the potentially positive results of international integration, as well as demonstrating the limits to generalizations about its impact and character in different contexts. Concretely in Latvia, international influence is leading to a gradual replacement of the former ethnic-oriented post-Soviet political system with increasingly class-based politics.

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This realignment has been initiated through the introduction of neo-liberalism in the previously nationalist political system. The agent of this new type of politics in Latvia is the pragmatist, non-ethnic and market-oriented People's Party. Its success is symptomatic of the effect that global integration can have on the political system of a small and young state on the margins of Europe. The People's Party's ideology and strategies represent a 'ticket' to inclusion in international organizations and legal networks, and to the provision of foreign loans and investments to countries such as Latvia.

Most of the existing analyses of the new political systems in Eastern Europe take into account primarily the legacies of either the Soviet regime or the pre-Second World War political regimes.² As a result, none of them have predicted the possible formation and success of neo-liberalism in a type of post-communist and nationalist-oriented political system such as exists in Latvia. This limitation of existing research is due to the lack of consideration of East European nation-states' current 'global' aspirations. I propose to widen the framework of analysis and incorporate external economic, political and cultural influences as important factors determining the new political systems in Eastern Europe.

In this respect, Latvia is an especially interesting case. Its economy, politics, legal system, bureaucracy and non-governmental organizations have been not only strongly influenced, but in many cases initiated, by both European and the US-based NGOs, banks, foundations and corporations from the early days of national independence, gained in 1991 after the collapse of the USSR. Also, Latvia is an ethnically divided country, where in 1999 Latvians constituted 55.7 per cent, Russians 32.3 per cent, Belarusians 3.9 per cent and Ukrainians 2.9 per cent of the population.³ For many years ethnic issues constituted the main political divides in Latvia's political system. However, surprisingly enough, the non-ethnic and neo-liberal-oriented People's Party won parliamentary elections, receiving 21.55 per cent of votes in August 1998, only a couple of months after its founding in March 1998. In order to explain what made this victory possible, it is necessary to consider the role of Latvia's integration into international political and economic networks. This will also help to see that these changes signal the beginning of a new, post-ethnic stage in Latvia's political development.

The first stage (1990–98) in the formation of Latvia's political system was characterized by a focus on the establishment of national independence. Both Latvian and Russian-oriented nationalist movements dictated the main political cleavages. This period ended when the People's Party (*Tautas partija*), led by the charismatic figure of Andris Skele, entered the political scene with a political programme of neo-liberalism (similar to that in, for

example, the United States and the UK). The characteristic features of neo-liberalism are prioritizing economic development over political considerations; focus on the establishment of an unrestricted free market; open anti-state interventionism; saving on budget spending including welfare; an individualist concept of human nature; and an emphasis on morality, the work ethic and the nuclear family.⁴ Latvia's neo-liberals declared privatization and market reforms, rather than dealing with ethnic issues, as the main tasks in securing independence and development.

Thus, on a broader level, this article presents evidence of the limitations of nationalism's power as regards economic development, modernization and increasing international ties. In Latvia nationalist ideologies are losing their political control or are becoming transformed when exposed to free-market and international economic and political networks.⁵ This suggests that the politicization of economic issues can undermine the power of ethnic distinctions and lead to class-based voting behaviour.

Existing Models and Predictions of Politics in Eastern Europe

With few exceptions,⁶ most of the existing research on politics in Eastern Europe after the fall of communism rarely focuses on the Baltic States. However, the smaller states are the sites of interesting and rapid transformations deserving our attention, which this article attempts to demonstrate. The other and more serious problem with existing research on post-communist politics in Eastern Europe is its failure to predict the formation and success of neo-liberalism in such a political context as Latvia.⁷ Partly this is due to the present restrictive tendency to explain political developments in Eastern Europe either by focusing on the political legacy of the former communist regimes⁸ or by considering the groups and ideologies inherited from both pre-communist and communist regimes combined with overall political and social instability in the region.⁹ The future visions, aspirations and prospects of different countries have consistently been left unaddressed.

Herbert Kitschelt and his colleagues¹⁰ offer a comprehensive study of differences among various post-communist political systems in Eastern Europe. They suggest that, since most of the politically active groups inevitably were products of the previous context, their political decisions and choices can be correlated with the type of communist regime that existed in the particular country. Thus, the existing political cleavages and forces evolved according to the political preconditions primarily shaped by the former communist regime.

Kitschelt and his associates classify different Eastern European countries according to the prevalence of particular factors in the previous

communist regimes, such as the level of industrial development, the power of the former communist bureaucracy, and the use of nationalist ideologies in the legitimization of the communist regimes. The first group comprises rational-bureaucratic communist regimes based on a strong rational bureaucracy with comparatively less corruption and patronage, a high level of industrialization and a weak role of nationalist ideologies. The countries that fall into this category are the Czech Republic, the German Democratic Republic and Slovenia. Clientelist bureaucracies with a significant presence of corruption and patronage, intermediate-size industrial sectors and communist exploitation of tensions between Russian and 'native' nationalisms characterized the second type, the national communist regime. Examples of this regime were Hungary, Poland, Slovakia, Croatia and the Baltic States. Finally, the 'sultanistic' communist regime was based on patrimonial bureaucracy with a strong reliance on corruption, patronage and nepotism, a small industrial sector and a strong role of nationalism and ethnic division in the communist rule. This type of regime existed in Bulgaria, Romania, Albania, and the the USSR outside the Baltic region.

After the fall of communism, the rational-bureaucratic communist regimes produced the most pro-capitalist and pro-democratic political system; the nationalist communist regimes bequeathed political systems with strong ethnic divides; and in the wake of the 'sultanistic' type of communist regimes, the new political systems were usually ruled by the former communist elites, which were anti-democratic and rigorously repressed opposition.

In the case of countries such as Latvia, Kitschelt *et al.* suggested that the political system would primarily be concerned with socio-cultural and ethnic issues. Political elites would develop from the reformist communist successor party, a moderately professionalized bureaucracy and a small but strong industrial intelligentsia. These three groups ensured the rapid growth of the new political organizations and civic society. The main goal of the new political elite was to mobilize public resentment towards the forced Russification during the Soviet period and assert the issues of national autonomy and national rights as political priorities. The political system after the national communist regime developed as a difficult, multi-centred balance among former communists, nationalists and market-oriented technocrats. This political system usually had four – sometimes even more – equally powerful competitive forces, which led to government instability and complicated coalition building.

Kitschelt and his colleagues were right about the developing political system in Latvia only until 1998. They stated that it is unlikely that a system where economic position and interests (that is, class), rather than ethnicity, determines political preferences could develop in the immediate future in

such nationalist-oriented countries as Latvia. However, an explicitly pro-market, neo-liberal and non-ethnic People's Party won elections in 1998. The main reason Kitschelt and his associates' analysis did not predict this is that they did not take into consideration the possible influence of international integration and the pressure of global development on the new political systems.

The other perspective on politics in Eastern Europe argues that the new political elites were equally a product of pre-communist and communist regimes as well as post-communist political conflicts and shattered identities.¹¹ Every post-communist society was 'deeply divided into three broad, vertical categories: a traditional society (the pre-communist peasant culture); a society brought into being by communism and still influenced by it; and what might be termed a "liberal" society, which accepts and understands the values of political and economic competition'.¹² These types of 'societies' or political visions were products of different historical eras (pre-modern and pre-communist; communist and post-communist), and a particular social group reinforced each of them. Every Central and East European country contained these groups and political visions. The competition between them determined the different political outcomes after the fall of the communism.

The former peasant intellectual stratum vehemently represented the 'traditional society'. This group was created under the pre-communist regimes, enjoyed rapid social mobility under communism and became the leader of the radical nationalist movement. The more prevalent this group and its vision were in the post-communist context, the more nationalist a particular political system turned out to be. According to Schöpflin, this is typical of such countries as Slovakia, Romania, Bulgaria and the Baltic States. The main opponents of traditional-nationalist groups were certain segments of the technical intelligentsia, entrepreneurs and some workers who had a more liberal, risk-taking and pro-Western political vision. Their position was shaped not so much by the pre-communist or communist past as by the possibilities of state-promoted capitalism. Even though this political segment was never very strong in Central and Eastern Europe, it had a bigger political influence in the Czech Republic, East Germany, Hungary and Poland, and made those political systems comparatively more democratic. The third contenders for power were groups directly produced by the communist regime, mostly bureaucrats and state-owned industry employees. They promoted state protectionism, social guarantees and the cautious development of capitalism. This étatist vision was powerful in Yugoslavia, especially Serbia, and to a certain extent in Romania, Hungary and Poland.

Schöpflin does not give a deterministic explanation of why certain groups and visions were more successful than others. He suggests that often

contingencies, personal conflicts and coincidences played the most important role in the shattered social, cultural and political post-Soviet contexts. However, he emphasizes the role of the combined legacy of pre-communist and communist regimes in the process of forming the new political groups and ideas.

Another group of political theorists further develop the idea of East European political systems as complex mixtures of pre-communist and communist 'remnants' with post-communist realities.¹³ Their approach emphasizes the anti-democratic dangers hiding in the combination of pre-communist nationalism, fascism, communist totalitarianism and post-communist instability.¹⁴ This perspective argues that two powerful forms of nostalgia haunt most of the post-communist societies and affect their chances of developing democracy. The first mourns the loss of communist discipline. It strives for a recovered sense of collectivism as an alternative to Western individualism, pluralism and liberalism, and for the authoritarian politics of the 'strong hand'. The second form of nostalgia longs for the pre-communist nationalist regimes, traditionalism, the myth of the pure nation and its 'lost territories'. It demonstrates an especially strong suspicion towards anything modern and supra-national.¹⁵

Together, these types of nostalgia create often contradictory political ideologies of 'victimized majorities' that reject both communism and liberalism, show a preference for state control of the economy, incorporate populism, demagoguery and conspiracy theories, and argue for the establishment of totalitarian order. Such ideologies can play a crucial role in the developing political systems in different countries. Although some countries (for example, the Czech Republic and to a certain extent Poland) managed to escape these dangerous ideologies and create a comparatively stable democracy, others such as Slovakia and Hungary warrant the greatest caution.¹⁶ The extremism of 'nostalgia' has been effectively destructive in Yugoslavia, Romania, Ukraine, Belarus, Russia and even the Baltic States, where it had created ethnolinguistic nationalism, radical nationalist communism, ethno-chauvinism, agrarian populism and neo-fascism.¹⁷ The political and economic structures of these countries failed to counter the combination of nationalist authoritarianism, communist totalitarianism and the complete disruption of value systems after the fall of communism.

In general, George Schöpflin and the 'nostalgia perspective' successfully point out the unique ways in which pre-communist and communist political groups and ideologies both compete and merge in post-communist contexts. However, this approach again does not incorporate a more recent influence, namely, international integration. As a result, neither Kitschelt and his colleagues nor Schöpflin and the theorists of 'nostalgia politics' predicted that in such political contexts as Latvia, where

traditionalist and nationalist politics were prevalent, a clearly non-ethnic and neo-liberal ideology could become popular. According to the existing models, neo-liberalism could work almost exclusively in the Czech Republic. There are two reasons for this theoretical failure: first, the models focus on the past and ignore the future ambitions of the post-communist societies; second, both perspectives failed to account for the impact that building relations with other countries, international organizations, banks, foundations and businesses could have on the local political systems of the region.¹⁸ To avoid such an incomplete analysis, I propose to pay more serious attention to the effects of globalization in the region and Latvia in particular.

Latvia's Political System and International Integration in 1990–98

The political system of post-communist Latvia was consistently decentralized and fragmented. All the governments of independent Latvia have been coalitions, with an average life of no more than 16 months. The political system during the first stage, 1990–98, was primarily nationalist in Isaiah Berlin's¹⁹ sense of the term: it was both focused on dealing with the wound of oppression and attempting to create (or re-create) a particular vision of purely Latvian statehood. The main political cleavages and issues were structured round the 'national project' of institutionalizing the national autonomy, de-occupation, building relations between ethnic Latvians and the Russian-speaking population that had arrived in Latvia during the Soviet era, adopting legislation on the state language, dealing with the issues of education in minority languages, and solving problems of citizenship. Market reforms, privatization and international relations were defined as mere instruments for the establishment of full national independence.

During this first period, Latvia's political system consisted of four powerful political centres (see Table 1). Two of them – the Latvian nationalist force *For Fatherland and Freedom* and the pro-Russian nationalist People's Harmony Party – defined the central political cleavage on the basis of national and ethnic issues. *For Fatherland and Freedom* was and is the most radical mainstream Latvian nationalist political force (apart from less influential extremist fringe groups). It supported a strict *jure sanguinis* definition of citizenship and harsh enforcement of Latvian as the only state language. Their main opponents were the former People's Harmony Party, today known as *For Human Rights in the United Latvia*. This political force united a variety of former communist leaders, alienated former members of the early independence movements and radical pro-Soviet (anti-independence) activists. They demanded citizenship for all residents of Latvia, and argued for two state languages (Latvian and Russian) and the preservation of Russian-speaking education.

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TABLE 1
OFFICIAL RESULTS OF PARLIAMENTARY ELECTIONS (PERCENTAGE OF VOTE)

Party	1995	1995
Latvia's Way	14.6	18.36
For Fatherland and Freedom	11.9	14.90
People's Party	–	21.55
Social Democrats	4.5	13.03
People's Harmony Party	5.5	14.36
The New Party	–	7.43
Democratic Party, Master	15.1	2.51
People's Movement, For Latvia	14.8	1.76
Farmers' Association	6.3	2.51
<i>Turnout</i>	<i>71.9</i>	<i>71.89</i>

Note: Only parties that reached the 5 per cent threshold and were represented in parliament on either occasion are included.

Source: *Diena*, 23 Sept. 1998; Statistical Yearbook of Latvia (Riga: Central Statistical Bureau of Latvia, 1999).

The 'centre' belonged to the liberal *Latvia's Way*, which represented a more cosmopolitan position, although still pro-Latvian and market-oriented. The party was led by a group of professionalized politicians with experience of both the Soviet period (some of the most influential figures in the party used to be members of the Soviet *nomenklatura* and leaders of the young communist organizations) and early political activism in the independent state. This force promoted the free-market economy while also trying to fulfill the public demands for state protectionism. In about 1995, Latvia's Way was joined by another centre-oriented political force, the democratic party *Master*. Its political priorities were economic development, security, social stability and a regulated market. *Master* consisted of directors and managers of formerly state-owned, now privatized, enterprises and collective farms, who undertook the difficult task of convincing voters that the former managers of the Soviet economy would be good statesmen under capitalism. However, *Master* did not have a political and ideological strategy for reacting to the increasing influence of international business and finances. As a result, they disappeared from the political scene as soon as a new market-oriented force – the People's Party – emerged (see Table 1).

Another attempt to combine the current and the former 'heroes' (young businessmen and such Soviet period figures as the well-known pop-music composer Raimonds Pauls) was the New Party that entered parliament in 1998 (see Table 1). However, after just a year of parliamentary politics the party split and has been losing its voter support ever since.

Populists such as the Social Democrats, the anti-market oriented *For Latvia* movement and a number of farmers' organizations (the Federation of

Farmers, the Farmers' Association) occupied the fourth political centre. These forces mostly used the rhetoric of social guarantees and a controlled market together with nationalist arguments in favour of closed borders and subsidized local industry and agriculture. Its main political instrument was the critique of the 'evil' market economy and the class of new businessmen. Their target electorate in 1995 were those who had been economically disadvantaged by the market reforms. After gaining a considerable number of votes in the elections of 1995, both the Farmers' Association and the For Latvia movement experienced shameful failure in parliamentary politics and disappeared from the political scene (see Table 1). However, the Social Democrats managed to preserve their political identity and succeeded in attracting all of the protest vote (see Table 1). This political force, mostly consisting of former members of Latvia's communist party, opposes privatization and supports increased welfare spending.

Latvian nationalists, Russian-oriented parties, liberal centrists, and populists, had roughly equal amounts of political influence. Political cleavages among them were centred on the general political goal of 'naturalizing' Latvia as an independent state, establishing secure borders, building national institutions (army, bureaucracy, police, national bank, and so on) and gaining international recognition. This political system was dealing with the past – either the dismantling of the remnants of everything Soviet or the nostalgic recovering of elements of pre-Second World War statehood. Independence was seen as an end within itself and international organizations, foundations and businesses were to be the means of attaining it.

However, throughout these years, international actors have been playing a bigger part than politicians were willing to admit.²⁰ By 1998 the investments of such organizations as the Soros Foundation, USAID, UNDP, Danish, Swedish and other west European companies, the financial and educational support of the USA, and reforms funded by the EU and the PHARE programme, had together made a long-lasting economic, social and cultural impact which demanded its expression in the political arena. Concretely, international organizations and finances in Latvia had produced new social groups, mostly among Latvians but potentially also among the Russian-speaking population with different political aspirations and an interest in a neo-liberal ideas.

What have been the features of international influence in Latvia since the early 1990s? The vast literature on this topic shows that the term 'globalization' has a number of different meanings and definitions.²¹ However, here I use it to indicate the combined effect of two processes: first, economic and social changes resulting from the presence of international capital and financial institutions (banks, foundations, corporations and investment companies); and, second, political and legal

transformations arising from Latvia's current and future integration into international organizations such as European Union, WTO, UN, NATO and so forth. Although I admit that European and US-based influences are different and occasionally in competition, in my definition of globalization they are viewed jointly, as their final impact is similar.

The main *economic* mechanisms through which Latvia has been 'globalized' and 'globalizes itself' are rapid reforms that implement a free-market economy and make Latvia attractive for international investments.²² These reforms of securing the rights of private property, de-nationalization, stabilization of the national currency, harmonizing local legislation with European and international standards, and creating a taxing system supportive to business, have been mainly based on recommendations from international organizations such as the European Union, the World Bank, the International Monetary Fund and the European Bank for Reconstruction and Development. Throughout the 1990s, Latvia has signed and ratified more than 200 multilateral international agreements with the UN, OSCE, NATO, WTO and EU. These organizations are also participating financially in the restructuring of Latvia's economy by offering non-repayable aid and loans to the government and the private sector.²³

As a result, Latvia is the fifth biggest recipient of international investments among Eastern and Central European countries and the first among the Baltic States.²⁴ The largest amount of foreign money is invested in transportation, warehousing and communications (26 per cent of total foreign investment), finances,²⁵ industry and the retail sector. Unfortunately, no more precise information is available on the extent of the activities of multinational corporations in Latvia. However, it is known that foreign businessmen in Latvia have created an International Investors' Council, which organizes regular negotiations with the government, and sets requirements and deadlines for various favourable policies.²⁶

The main political initiators of these economic changes have been the liberal Latvia's Way, the People's Party, and Andris Skele individually. The most dramatic increase (from 274 to 552 million Lats) in accumulated foreign investment was experienced when Skele (the founder of the People's Party) was prime minister for the first time in 1995–97. At that time, he was not directly affiliated with any particular political party, although he received strong support from Latvia's Way. As prime minister in December 1995, he initiated a number of projects, including speeding up the privatization process, decreasing taxes on foreign investments, signing trade agreements with other countries, lifting trade tariffs and liberalizing the land market. Skele's main opponents were For Fatherland and Freedom, which blamed him for 'selling out' Latvia's land, and the Social Democrats, who criticized him for the lack of concern for local farmers and landowners.²⁷

Politically and legally Latvia has been deeply affected by the process of preparing itself for entry into the European Union. This has entailed massive reforms in the state bureaucracy, changes in the legislative and justice systems, and social integration of non-citizens. Latvia has not only undertaken to follow the obligations of more than a hundred international conventions, but in 1998 alone it implemented more than 360 European Community directives, and the number keeps growing.²⁸

Initially, only the government of the centrist liberal political force Latvia's Way and a narrow segment of bureaucracy furthered the integration into the EU. However, in recent years an increasingly larger portion of society has been involved and affected by the integration process through business, culture, sports and tourism.²⁹ Since 1995, all political parties have stated their support for joining the European Union.³⁰ However, Latvia's Way has done most of the practical work, although the government of the Latvian nationalists For Fatherland and Freedom also initiated the preparation of a National Strategy for Integration into the EU in 1998. It was adopted in parliament in October 2000 and currently serves as the main guide in Latvia's negotiations with the EU. The high-ranking officials responsible for the integration process are from Latvia's Way, For Fatherland and Freedom or the People's Party. Latvia's Way developed an argument that the integration into the EU is necessary to develop Latvia as a modern and westernized nation. For Fatherland and Freedom motivates joining the EU as a necessity for preventing threats from Russia. Since 1998, the People's Party suggests that the integration will ensure Latvia's economic development and security. More sceptical attitudes towards European integration have been voiced by the Social Democrats, environmentalists (such as the Environment Protection Club and the Green Party), and the farmers' political organizations. They generally argue for the protection of local farmers and producers, and for securing national borders and markets.

These two – economic and political (legal) – tendencies of Latvia's integration into European and international networks have had a significant impact on the country's social landscape. Most of the economic development and foreign investments in Latvia are primarily oriented towards the service sector (banks, communications, retail, administration, transport). Thus, Latvia's formerly industrialized labour force has experienced important structural transformations. The share of the service sector (both market and public) in the national economy has dramatically increased – from 31 per cent in 1990 to 62 per cent of GNP in 1998.³¹ At the same time, the role of industry and agriculture has been consistently decreasing. Also, the proportion of the workforce employed in the private sector is growing – from 52 per cent in 1997 to 58 per cent by 1999.³² This

inevitably implies important social changes: new and successful social groups are being formed, while others experience increasing problems. The least opportunities are for pensioners, blue-collar workers and people with low skills and education levels in rural areas, while the greatest possibilities are available to young, urban and educated (ideally, in western countries) groups of the population.

In sum, I suggest that increasingly 'globalized' economic, legal and political reality in Latvia has also been producing a new social environment. Foreign organizations and businesses not only hire the locals, but also disperse new values, aspirations and attitudes. As a result, Latvia has been experiencing the growth of new social groups equipped with different ideas and a new political identity. Eventually they are likely to 'demand' certain adjustments to the political system as well. The People's Party noticed the developing interests of those who identify with, are directly involved in or are positively affected by Latvia's 'internationalization'. The party used such political arguments as strengthening entrepreneurship, furthering the development of the market economy and completion of privatization that appealed to this rising class. In this sense, the party's success could be considered a signal of the growing presence of a new, 'international' middle class and its culture in Latvia.

Electoral Support for the People's Party

The foundation of the People's Party in March 1998 was an ambitious project. First, in an unprecedented way it promoted the charismatic figure of Andris Skele as a new type of leader – a successful, pragmatic and hard-working businessman. Second, the party introduced new political ideas, which will be discussed below. Third, it mobilized a new generation of politicians – young, Western-educated intellectuals, businessmen, farmers and landowners: the new Latvian middle class.³³

However, it still unclear who voted for the People's Party in the elections of October 1998. As noted above, I hypothesize that not all but the majority of its supporters were those groups of Latvians (predominately) who have benefited from the global impact on the economy and social environment. Unfortunately, there are very few precise survey data available regarding the electoral preferences of particular social groups in Latvia. Fully realizing the limitations, I take advantage of the available data about the electoral support for the party in various regions and their social and economic characteristics (see Table 2). I am not suggesting causality between globalization and the success of neo-liberalism in Latvia. Rather, I propose that economic development and the international influences that this entails have been producing and accumulating conditions that

TABLE 2
DIFFERENCES AMONG THE FIVE ELECTORAL REGIONS OF LATVIA

Region	Vote for PP (1998)	Vote for LW (1998)	Vote for FF (1998)	Vote for PHP (1998)	Vote for SD (1998)	Unemployment rate (May 1999)	Household disposable income (monthly in lats, 1998)	GDP per capita (in lats, 1997)	Population of working age 1999 (%)	Economically active population 1999 (%)	Population with household income below poverty line, 1998 (%)
Riga	19.4	13.0	20.0	21.4	11.3	6.5	73.98	1,810	60.8	51.0	46.9
Kurzeme	30.0	17.8	16.0	2.1	14.3	11.8	54.07	1,499	58.0	46.8	69.1
Vidzeme	25.2	20.5	15.6	5.0	13.9	9.3	55.88	842	56.6	47.6	66.4
Latgale	8.6	22.6	4.5	35.8	9.2	21.3	45.54	820	57.7	42.3	75.9
Zemgale	23.9	18.0	13.8	5.0	16.7	11.5	57.06	840	58.5	44.4	67.6
Latvia	21.19	18.05	14.65	14.12	12.81	10.4	62.33	1,327	59.0	47.6	59.6
	Employed in public services, 1999 (%)	Employed in market services, 1999 (%)	Employed in agriculture, 1999 (%)	Public employees, 1999 (%)	Private employees, 1999 (%)	Higher education, 1998 (%)	Latvians 1999 (%)	Russians 1999 (%)	Belarusians 1999 (%)	Ukrainians 1999 (%)	Poles 1999 (%)
Riga	27.5	40.6	3.9	41	59	18.9	38.8	47.19	4.42	4.42	1.77
Kurzeme	24.4	23.7	25.0	45	55	9.6	70.99	19.56	2.50	3.26	0.74
Vidzeme	25.0	18.8	32.6	40	60	10.0	74.24	19.53	2.65	1.85	1.08
Latgale	31.1	24.3	21.3	48	52	9.8	41.12	44.05	5.95	1.78	16.49
Zemgale	24.3	23.6	30.8	44	56	9.9	69.28	20.01	4.17	2.16	1.60
Latvia	26.7	30.2	17.2	42	58	13.6	55.66	32.32	3.92	2.90	2.18

Sources: *Statistical Yearbook of Latvia* (Riga: Central Statistical Bureau of Latvia, 1999); *The Survey of Living Conditions* (Riga: Central Statistical Bureau of Latvia, 1999); *Social Processes in Latvia* (Riga: Central Statistical Bureau of Latvia, 1998); *Latvia Human Development Report 1998* (Riga: UNDP, 1998); *Latvia Human Development Report 1999* (Riga: UNDP, 1999).

encouraged the replacement of nationalism with neo-liberal and increasingly class-based politics.

In the elections of 1998, the People's Party won in Kurzeme, Vidzeme and Zemgale, while it failed in Latgale (see Table 2). Riga, the capital, represents a particular case. It contains both radical nationalist voter groups – older Latvian intellectuals (who vote for For Fatherland and Freedom) – and the most radical part of the Russian-speaking population (who support the Peoples' Harmony Party). Bearing this nationalist vote in mind, the People's Party's victory over Latvia's Way and the Social Democrats in Riga is a notable success. Turning to the comparison of the regions, the first and most obvious difference is ethnic distribution (see Table 2). Clearly, the People's Party succeeded in predominately Latvian areas (Kurzeme). At the same time, other differences are equally important. Thus, Latgale, where the People's Party did the worst, has more pensioners and old people (28–31 per cent of the population), and also the highest share of social allowances (welfare, pensions, unemployment benefits) in its household incomes – 33.6 per cent in 1998 (the national average is 26.5 per cent).³⁴ Latgale has the highest proportion of its population (31.1 per cent) working in public services such as administration, schools, health care organizations and the like. A considerable part of Latgale's population not only is unemployed, but also lives below the poverty line. Latgale also has the smallest number of economically active people. Moreover, 75.9 per cent of Latgalians, but only 46.9 per cent of Riga's inhabitants, live under the crisis subsistence minimum.

Strikingly, the income level and GDP per capita are significantly higher in Riga and Kurzeme. These two regions also have the highest level of entrepreneurial activity and foreign investments (after Riga, the next biggest recipients of foreign investments in Latvia are the two port cities of Kurzeme, namely Ventspils and Pāvilosta).³⁵ Riga and Kurzeme also have the highest percentage of households with salaried wage earners, entrepreneurs and self-employed individuals.³⁶ At the same time, Riga and Vidzeme have the highest proportion of people working in the private sector compared with other regions. Incidentally, Vidzeme includes the vicinity of Riga and a number of 'dormitory cities' where the majority of the economically active population travels to Riga every day to work, but votes in the area of their residence. They may have ensured the high support for the People's Party in Vidzeme.

Thus, Table 2 shows that, apart from the ethnic differences, there are certain class-based distinctions among regions, too. The available data suggest that possibly better preconditions for the development of the new middle class and its cultural context exist in Riga, Kurzeme and Vidzeme, the very regions where the People's Party received substantial support. It

can be cautiously argued that there is a correlation between economic development, private business, financial investments and the political success of the People's Party. However, it must also be noted that this new class-based voting behaviour was more typical among Latvians (who are the majority of voting citizens) than among the Russian-speaking population, which tended to support Russian nationalist forces. Skele's supporters were the least likely to be found among Russians, the elderly, farmers and public employees. It is also more likely that the majority of the party's voters were younger people, non-pensioners, Latvians and those affected by or involved in the new, international economic processes. Their firms and banks receive international or local bank loans; international investors, companies and organizations hire them; and they have international business partnerships. It was in their interests to promote the neo-liberal emphasis on economic development, the free market and middle-class values. The success of the People's Party in economically more developed and internationally involved regions encourages the conclusion that class position and opportunities in the new capitalism are gradually becoming a more decisive factor over ethnic identity in making political choices.

The Distinctive Features of the People's Party's Politics and Ideology

Economic and Social Policy

Most of the People's Party's economic and social policies continued the work that Andris Skele had started as prime minister in 1995–97. This included putting economic development above all other concerns. The new government of 1998 focused on protecting private property rights, completing privatization, and liberalizing the trade tariffs between the three Baltic States.³⁷ Skele's government achieved Latvia's accession to the World Trade Organization and also, in 1999, achieved the first state budget without a deficit.³⁸ The core of the party's financial policy has been saving on both bureaucratic and social expenditure.³⁹ Both now and in the past the People's Party has consistently supported decreasing income tax for private businesses, and taxes on trade and international investments. The People's Party also supports restructuring Latvia's industry to meet the needs of the 'modern market', that is, focusing more on high technology.⁴⁰ The party aims to achieve maximum freedom for entrepreneurs, and to decrease both state protectionism and interventionism. The People's Party and Andris Skele personally have vehemently criticized the state bureaucracy and its complicated procedures for registering an enterprise, paying taxes and so on.⁴¹

In terms of social policy, the People's Party has consistently opposed increasing social expenses, the salaries of public employees and state pensions. The People's Party argues that the state has a duty to help individuals succeed and take care of their families, instead of continuing paternalistic socialist policies.⁴² For example, speaking at the party's Second Congress, the leader of its parliamentary faction, Gundars Berzins, stated that the party does not consist of 'crowd-pleasers', but 'realists who understand that the basis of development in Latvia is capitalism and the market'.⁴³

In 1999 Skele's government adopted a new pension law that cut pensions for working pensioners. The PP's motivation was to decrease the budget expenditures and stop the financial dominance of pensioners over other taxpayers. This policy was widely criticized by the Social Democrats, the Peoples' Harmony Party and For Fatherland and Freedom, who together organized a referendum on this issue. However, fewer than 50 per cent of voters showed up at the polling stations, which legally meant that the referendum did not take place.⁴⁴

Ideology and Ethnopolitics

The People's Party's unique contribution to Latvia's political system was the introduction of an ethnically very moderate neo-liberal, free-market ideology. For example, in the summer of 1998 For Fatherland and Freedom organized a referendum regarding the new law granting automatic citizenship to non-citizens' children born in Latvia. The People's Party supported this change in citizenship legislation.⁴⁵ During the pre-election campaign the People's Party explicitly avoided heated discussions about the integration of non-Latvians. Instead its position was summarized with one sentence in the pre-election programme: 'it is necessary to create state institutions responsible for integration'.⁴⁶

Moreover, the party applied the ideology of a free market to ethnic politics. Thus, one of the party's leaders, Gundars Berzins, asserted that the integration of non-Latvians should be based on market-like incentives: those who integrate will have better possibilities to compete and succeed, while those who do not will be 'going against their best interests'.⁴⁷ While most other parties continued to talk in their programmes about solving the ethnic issues inherited from the communist past, the People's Party proposed to create a good economic environment where ethnic differences will not play a decisive role.

Instead of nationalist statements, the People's Party's rhetoric contains such interconnected elements as work ethic, morality, discipline, strong leadership and the nuclear family. Andris Skele declared his comeback to politics in 1998 with the slogan 'I am returning in order to work'. The

People's Party represented its leaders as 'workers', not just 'politicians'. For example, Skele wrote 'neither the seat of a parliamentarian, nor the briefcase of a minister or a prime minister is worth anything if they cannot work'.⁴⁸ The People's Party presented itself as a hard-working and responsible political force, not corrupted and bureaucratized in the way such 'veterans' of Latvia's politics as Latvia's Way or For Fatherland and Freedom are. The People's Party's ideology opposes the Establishment, bureaucracy and political polemic that do not give 'practical' results. Thus, in 1999 Skele made a powerful address to the Saeima (parliament), which he concluded with following sentences: 'in half a year Latvia has incurred a 60-million-Lat budget deficit. This means that we have been becoming poorer by 230 Lats every minute. 230 Lats per minute. This would mean more than 1,500 Lats during the time of this presentation. We simply cannot keep talking any longer. We have to start working.'⁴⁹ In September 1999 Skele wrote: 'to take care of one's country means to work. We cannot afford sitting with our hands in our laps. We must work.'⁵⁰

Moreover, in its pre-election programme and campaign, the People's Party claimed to introduce a new notion of 'moral politics': politics of responsibility, hard work, family, private property, law and social order.⁵¹ The PP's pre-election campaign promoted its candidates as a new type of 'incorruptible' and strong personalities. In particular, the image of Andris Skele was built upon notions of decisiveness, strong leadership, independence from political 'games', and the work ethic. He was repeatedly described as a man who works without holidays and whose best birthday gift would be two days off. Skele was presented as the long-awaited leader, who has both a strong moral position and the ability to make pragmatic decisions.⁵²

His image had to combine both the current and potential success of Latvia's private business with traditional and middle-class-oriented values of the family, the work ethic and high morality. In the pre-election campaign it was repeated that he is one of the richest businessmen in Latvia, who is nevertheless completely honest and always puts his family first. The People's Party in general put a lot of emphasis on the values of the nuclear family. The party's logo shows an image of a heterosexual couple with three children. The pre-election programme was organized around the categories of 'children, parents, grandparents, family'. It stated: 'the family is the foundation of morality. The state has to be interested in strengthening the family and its rights to private property.'⁵³ The PP's pre-election slogan was a political promise 'to achieve such a level of well-being that a family with two breadwinners can raise and educate three children'. According to this ideology, the family is the measure of economic success, a guarantee of democracy and the seedbed of civic virtues. It motivates, socializes and

teaches people discipline, which also has to be extended to financial issues, price politics and the labour market.

Analysis

In place of the previously dominant concerns over building Latvia as a nation-state, the People's Party offered a modernist and capitalist vision of society. According to the party, ethnic conflicts are 'bad for business', and therefore not worthwhile. Instead, its programme and policies focused on civic, market, middle-class-oriented and individualistic values. It continues to argue for strengthening private property, developing the free market, decreasing state protectionism and promoting strong families. It suggests policies of saving taxpayers' money, decreasing taxes and creating conditions where people will not need support from the state, but can take care of themselves and their families. The party's goal is a stable system of market-like incentives that will trigger rational behaviour on the part of citizens.

The People's Party views politics, the state, social issues and family as parts of a broader economic strategy of the free market. It gives priority to economic development over any other concerns, arguing that an economically stable and successful society is also socially ordered, stable, rational and modern. To simplify, it suggests that heading the state or family is very similar to managing one's private business. Therefore the party argues that successful businesspeople and managers of capitalist enterprises are the best political decision-makers. This gives a political voice and identity to the newly formed groups of private owners, entrepreneurs, and employees of international companies, banks and organizations in general.

Essentially, the nationalist ideas of independence and the preservation of a unique culture are adjusted to the demands of international integration; that is, they are measured by their usefulness for creating a stable, integrated and economically productive society. Moreover, the purpose of national identity is to enhance Latvians' and others' ability to compete on the international free market. This de-politicization of nationalism signals the end of the post-Soviet era and the beginning of the period of pro-global national development in Latvia.

Conclusion

After the parliamentary elections of 1998 and the success of the People's Party, the political system in Latvia started to change. The People's Party introduced the neo-liberal politics of the newly-forming middle class and those who identify with Latvia's internationalization, thus indicating the

decline of nationalist-based and the rise of more class-oriented politics. Importantly, the entry of the People's Party caused political realignments as well as changes in dominant ideologies. Increasingly, the Social Democrats and the People's Party have gained power in constructing two political poles of class-based left versus right. The rest of the parties have been forced to adjust to this developing dichotomy. Thus, For Fatherland and Freedom has been playing down its radical nationalism and introducing more economic-oriented elements in its political programme, while the liberals of Latvia's Way have been going through an 'identity crisis' and the threat of being incorporated into the People's Party.⁵⁴

One of the main preconditions for these political realignments, as I have argued here, is the international influence in Latvia. The process of entering both European and world-level international organizations, and receiving foreign aid, investments and an influx of international business, has not only created new successful social groups, but also changed people's value systems, aspirations and political goals. This context was important for the success of the People's Party's neo-liberal political programme. That Party's politics and rhetoric are both a result and guarantee of international integration and development of a small, young and quite marginalized nation-state.

The new nation-states that were formed only in the recent decades have to find a new balance between their ideals of national autonomy and the realities of global development. In addition, they are small enough to have experienced the global impact very soon, and it seems to have led to a decrease in the power of nationalists and an increase in the influence of the parties representing class-based interests. Thus, the politics of nationalist isolationism seems to have met its limitations in the context of growing international integration. At the same time, I am cautious about extending this prediction to other, bigger Eastern European states such as Russia, Romania or Bulgaria where the international impact seems insufficient so far to produce the kind of deep social and political effect it has had in Latvia. Therefore, the smaller, economically and politically more stable, and internationally integrated states will be some of the most interesting 'experimental sites' to observe the consequences of globalization in the future.

NOTES

1. For example, Stephen Gill, 'Knowledge, Politics and Neo-liberal Political Economy', in Richard Stubbs and Geoffrey R.D. Underhill (eds.), *Political Economy and the Changing Global Order* (New York: St. Martin's Press, 1994), pp.75-96; Stephen Gill and David Law, *The Global Political Economy: Perspectives, Problems and Policies* (Baltimore, MD: Johns

- Hopkins University Press, 1988); Kathryn B. Ward, 'Reconceptualizing World System Theory to Include Women', in Paula England (ed.), *Theory of Gender/Feminism on Theory* (New York: Aldine de Gruyter, 1993), pp.43–68; Susan S. Silbey, "'Let Them Eat Cake': Globalization, Postmodern Colonialism, and the Possibilities of Justice', *Law and Society Review*, Vol.31, No.2 (1997), pp.207–35; Philip McMichael, 'The Global Crisis of Wage-Labour', *Studies in Political Economy*, No.58 (1999), pp.11–40; Benjamin R. Barber, *Jihad vs. McWorld* (New York: Times Books, 1995); Christina H. Gladwin, 'Women and Structural Adjustment in a Global Economy', in Rita S. Gallin, Anne Ferguson and Janice Harper (eds.), *The Women and International Development Annual* (Boulder, CO: Westview, 1993), pp.87–112.
2. See Herbert Kitschelt, 'A Silent Revolution in Europe?', in Jack Hayward and Edward C. Page (eds.), *Governing the New Europe* (Durham, NC: Duke University Press, 1995), pp.123–65; Herbert Kitschelt, Zdenka Mansfeldova, Radoslaw Markowski and Gabor Toka, *Post-Communist Party Systems: Competition, Representation, and Inter-Party Cooperation* (Cambridge: Cambridge University Press, 1999); Aurel Braun and Stephen Scheinberg (eds.), *The Extreme Right: Freedom and Security at Risk* (Boulder, CO: Westview, 1997); George Schöpflin, 'Culture and Identity in Post-Communist Europe', in Stephen White, Judy Batt and Paul G. Lewis (eds.), *Developments in East European Politics* (Durham, NC: Duke University Press, 1993), pp.16–34; Peter H. Merkl and Leonard Weinberg (eds.), *The Revival of Right-Wing Extremism in the Nineties* (London and Portland, OR: Frank Cass, 1997); Peter H. Merkl and Leonard Weinberg (eds.), *Encounters with the Contemporary Radical Right* (Boulder, CO: Westview, 1993); Luciano Cheles, Ronnie Ferguson and Michalina Vaughan (eds.), *The Far Right in Western and Eastern Europe* (London: Longman, 1995).
 3. Central Statistical Bureau of Latvia, *Demographic Yearbook of Latvia* (Riga: Central Statistical Bureau of Latvia, 1999), p.58.
 4. Gill, 'Knowledge, Politics and Neo-liberal Political Economy'.
 5. This study is based on extensive fieldwork in Latvia from 1998 to 2000. The sources of data are governmental documents, statistical reports from the Central Statistical Bureau of Latvia, United Nations Development Program, the University of Latvia and the Academy of Sciences, the documents of the People's Party itself, including its pre-election campaign materials, party statistics, speeches and articles written by the leaders of the party, the *People's Party Newsletter (Tautas Partijas Vestnesis)*, and materials from the party's website. Other sources of information are interviews with the staff and influential members of the party, plus social analysts and political scientists, books published about Andris Skele and the People's Party and numerous articles about the party and Skele's government from the two major dailies, *Diena* and *Neatkarīga Rita Avīze*, published from 1996 to 2001.
 6. See, for example, Graham Smith (ed.), *The Baltic States: The National Self-Determination of Estonia, Latvia and Lithuania* (New York: St. Martin's Press, 1994); Anton Steen, 'Ethnic Relations, Elites and Democracy in the Baltic States', *Journal of Communist Studies and Transition Politics*, Vol.16, No.4 (2000), pp.68–87; Ole Nørgaard and Lars Johannsen, *The Baltic States After Independence* (Cheltenham: Edward Elgar, 1999).
 7. Kitschelt *et al.*, *Post-Communist Party Systems*; Kitschelt, 'A Silent Revolution in Europe?'; Braun and Scheinberg, *The Extreme Right*; Schöpflin, 'Culture and Identity', pp.16–34; Jan Åke Dellenbrant, 'Parties and Party Systems in Eastern Europe', in White, Batt and Lewis (eds.), *Developments in East European Politics*, pp.147–62; Roger Scruton, 'The New Right in Central Europe I: Czechoslovakia', *Political Studies*, Vol.36, No.3 (1988), pp.449–62; Roger Scruton, 'The New Right in Central Europe II: Hungary and Poland', *ibid.*, Vol.36, No.4 (1988), pp.638–52; Radim Marada, 'Who is Right in Czech Politics?', *Constellations*, Vol.2, No.1 (1995), pp.62–71; Merkl and Weinberg, *The Revival of Right-wing Extremism*; Merkl and Weinberg, *Encounters with the Contemporary Radical Right*; Laszlo Andor, 'The New Right in Eastern Europe', *Futures*, Vol.24, No.2 (1992), pp.122–9; Berch Berberoglu, 'Economic Decline, Political Reaction and the Rise of Right-Wing Ultra-Nationalist Movements', *Humanity and Society*, Vol.22, No.3 (1998), pp.320–30; Cheles, Ferguson and Vaughan, *The Far Right*.
 8. Kitschelt *et al.*, *Post-Communist Party Systems*; Kitschelt, 'A Silent Revolution in Europe?'
 9. Schöpflin, 'Culture and Identity', pp.16–34; Merkl and Weinberg, *The Revival of Right-Wing*

- Extremism*; Merkl and Weinberg, *Encounters with the Contemporary Radical Right*; Braun and Scheinberg, *The Extreme Right*; Cheles, Ferguson and Vaughan, *The Far Right*.
10. Kitschelt et al., *Post-Communist Party Systems*; Kitschelt, 'A Silent Revolution in Europe?'
 11. Schöpllin, 'Culture and Identity', pp.16–34.
 12. *Ibid.*, p.28.
 13. Braun and Scheinberg, *The Extreme Right*; Michael McFaul, *Post-Communist Politics: Democratic Prospects in Russia and Eastern Europe* (Washington, DC: The Center of Strategic and International Studies, 1993); Anita J. Prazmowska, 'The New Right in Poland: Nationalism, Anti-Semitism and Parliamentarism', in Cheles, Ferguson and Vaughan (eds.), *The Far Right in Western and Eastern Europe*, pp.143–55; Vera Tolz, 'The Radical Right in Post-Communist Russian Politics', in Merkl and Weinberg (eds.), *The Revival of Right-Wing Extremism*, pp.177–202; Trond Gilberg, 'Ethnochauvinism, Agrarian Populism, and Neofascism in Romania and the Balkans', in Merkl and Weinberg (eds.), *Encounters with the Contemporary Radical Right*, pp.95–110; Taras Kuzio, 'Radical Right Parties and Civic Groups in Belarus and Ukraine', in Merkl and Weinberg (eds.), *The Revival of Right-Wing Extremism*, pp.203–30; Henry F. Carey, 'Post-Communist Right Radicalism in Romania', in Merkl and Weinberg (eds.), *The Revival of Right-Wing Extremism*, pp.149–76; Christopher Williams, 'Problems of Transition and the Rise of the Radical Right', in Sabrina P. Ramet (ed.), *The Radical Right in Central and Eastern Europe Since 1989* (University Park, PA: Pennsylvania State University Press, 1999), pp.29–47.
 14. Ivan Grdesic, 'The Radical Right in Croatia and Its Constituency', in Ramet (ed.), *The Radical Right in Central and Eastern Europe Since 1989*, pp.172–89; Jaroslav Krejci, 'Neo-Fascism – West and East', in Cheles, Ferguson and Vaughan (eds.), *The Far Right in Western and Eastern Europe*, pp.5–17; Thomas S. Szayna, 'The Extreme-Right Political Movements in Post-Communist Central Europe', in Merkl and Weinberg (eds.), *The Revival of Right-Wing Extremism*, pp.111–48.
 15. Braun and Scheinberg, *The Extreme Right*.
 16. See David Ost, 'The Radical Right in Poland: Rationality of the Irrational', in Ramet (ed.), *The Radical Right in Central and Eastern Europe Since 1989*, pp.85–109; Szayna, 'The Extreme-Right Political Movements'.
 17. John D. Bell, 'The Radical Right in Bulgaria', in Ramet (ed.), *The Radical Right in Central and Eastern Europe Since 1989*, pp.234–54; Michael Shafir, 'The Mind of Romania's Radical Right', in *ibid.*, pp.214–32; Laszlo Karsai, 'The Radical Right in Hungary', in *ibid.*, pp.133–56; Krejci, 'Neo-Fascism – West and East'; Carey, 'Post-Communist Right Radicalism in Romania'; Gilberg, 'Ethnochauvinism, Agrarian Populism, and Neofascism'; Kuzio, 'Radical Right Parties and Civic Groups'; Prazmowska, 'The New Right in Poland'; Tolz, 'The Radical Right in Post-Communist Russian Politics'.
 18. There are some studies that have tried to address the role of international organizations and businesses in local politics. Unfortunately, they view international influence merely as a 'modern type of colonialism' or 'the right-wing bourgeois dictatorship': see, for example, Berberoglu, 'Economic Decline, Political Reaction and the Rise of Right-Wing Ultra-Nationalist Movements'; Andor, 'The New Right in Eastern Europe'; Seppo Remes, 'East European Future Scenarios', *Futures*, Vol.24, No.2 (1992), pp.138–43). This is hardly helpful for understanding the growing appeal of neo-liberalism and its role in changing the nationalist political systems.
 19. Isaiah Berlin, *Against the Current: Essays on the History of Ideas* (New York: Viking Press, 1979).
 20. For a good overview of the political meanings of the European integration in the Baltic States, see Nørgaard and Johannsen, *The Baltic States After Independence*, pp.165–95.
 21. For example, Cynthia Enloe, *Bananas, Beaches and Bases: Making Feminist Sense of International Politics* (Berkeley, CA: University of California Press, 1990); Saskia Sassen, *Losing Control? Sovereignty in an Age of Globalization* (New York: Columbia University Press, 1996); Saskia Sassen, *Globalization and Its Discontents* (New York: New York University Press, 1998); Gill and Law, *The Global Political Economy*; David Harvey, *The Condition of Postmodernity* (Cambridge: Blackwell, 1989); Bennett Harrison and Barry Bluestone, *The Great U-Turn: Corporate Restructuring and the Polarizing of America* (New

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22. *The National Report of the Economic Development* (Riga: Ministry of Economics, 1997); Raita Karnite, 'Eiropas integracija un Latvijas uzņēmēji', *Kapitals*, 1998, No. 5, pp.21–2.
 23. According to the *Latvia Human Development Report 1999* (pp.45–9), the European Union gives non-repayable aid for the development of the State and public services, while the World Bank administers support for economic development. In terms of repayable loans, the IMF provides them to the central government, the European Bank of Reconstruction and Development lends to the private sector (mainly food processing, banking and communications), while the World Bank works with central and local governments and the private sector through such programmes as Rural Development Project and the Municipal Service Development Project.
 24. Zoja Medvedevskina and Dace Slakota, 'Baltijas valstis – miti un realitate', *Kapitals*, 1998, No.7, pp.34–6; Baiba Melnace, 'Dinamiski pieaug arvalstu investicijas', *Diena*, 22 May 1998.
 25. According to *Latvia Human Development Report 1998*, 27 banks were operating in Latvia; in 15 of them more than 50 per cent of the share capital was owned by foreign investors in 1998.
 26. Gints Feders, 'Investori norada uz nepilnibam', *Diena*, 12 Oct. 2000.
 27. Vilis Seleckis, *Andris Skele – legendas un patiesiba* (Riga: Vermanparks, 1998).
 28. United Nations Development Program (UNDP), *Latvia Human Development 1999* (Riga: UNDP, 1999), p.64.
 29. *Ibid.*
 30. The sole opponent of the integration into the EU in the parliamentary elections of 1998 was the National Progress Party, a small and marginal political force that received less than one per cent of votes.
 31. UNDP, *Latvia Human Development Report 1998* (Riga: UNDP, 1998), p.24.
 32. *Ibid.*, p.35.
 33. According to the People's Party's membership statistics, 68.6 per cent of the dues-paying members are men; the dominant age group is 35–45 years, and approximately 32 per cent of the party members and non-dues-paying supporters are students; the party's youth organization is the next most active and visible part of the party after its faction in the Saeima (parliament); 15 per cent of the members identify themselves as businessmen and 22 per cent as 'specialists'; 52.4 per cent of the members have higher education.
 34. UNDP, *Latvia Human Development Report 1999*, p.27.
 35. UNDP, *Latvia Human Development Report 1999*; Janis Trops, 'Ventspils ir iesieta tranzita mezgla', *Diena*, 23 Feb. 2001.
 36. UNDP, *Latvia Human Development Report 1998*; UNDP, *Latvia Human Development Report 1999*.
 37. Seleckis, *Andris Skele*.
 38. Juta Hincenberga, 'Top 2000. gada valsts budzets', *Tautas Partijas Vestnesis*, 1999, No. 3, p.3.
 39. Janis Lagzdins, 'Lai taupitu un racionali izmantotu valsts lidzeklus', *Tautas Partijas Vestnesis*, 1999, No.1, p.3.
 40. Andris Skele, 'Izveidot macities spejigu sabiedribu', *Diena*, 4 Nov. 2000.
 41. Inta Lase, 'TP kritize birokratiju un iesaka samazinat nodoklus', *Diena*, 5 Feb. 2001; Rolands Petersons, 'Skele investoriem cildina valdibas padarito', *Neatkariga Rita Avize*, 1 Dec. 1999; Gundars Berzins, 'Turpinat konservativu finansu politiku', *Tautas Partijas Vestnesis*, 2000, No.12, p.2.
 42. <<http://www.tautaspartija.lv>>.
 43. *Ibid.*
 44. Viktors Dinevics, 'Atraitnes grasis lielkapitala interesem', *Neatkariga Rita Avize*, 9 Nov. 1999; Dace Plato, 'Pasaules Banka atbalsta Pensiju likuma grozījumus', *Diena*, 27 Aug.

- 1999; Andris Skele, 'Jakeras pie daksam', *Diena*, 17 July 1999; Viktors Avotins, 'Andris Skele uzskata: birokratijai Latvija ir daudz lielaka vara, neka mes to nojausam', *Neatkariga Rita Avize*, 16 Nov. 1999; Martins Lukasevics, 'Premjeram nepatik referendumus', *Neatkariga Rita Avize*, 31 March 2000; 'No ka tiek maksatas pensijas?', *Tautas Partijas Vestnesis*, 1999, No.3, pp.1-2.
45. Tautas Partija, 'Musu lemums ir versts uz nakotni', *Diena*, 28 Aug. 1998.
46. 'Ja partijas istenos savus solijumus ...', *Diena*, 4 Oct. 1998.
47. <www.tautaspartija.lv>.
48. Andris Skele, 'Pec Kongresa', *Tautas Partijas Vestnesis*, 2000, No.1, p.1.
49. Andris Skele, 'Aicinata Ministru Prezidenta runa', *Tautas Partijas Vestnesis*, 1999, No.1, pp.1-3.
50. Andris Skele, 'Rupeties par savu valsti', *Tautas Partijas Vestnesis*, 1999, No.1, p.1.
51. Tautas Partija, *Pieci iemesli kapec tu balso par Tautas Partiju* (Riga: 1998); <www.tautaspartija.lv>.
52. *Tautas Partijas Avize*, 1998, No.1.
53. <www.tautaspartija.lv>; 'Vešanasas '98', *Diena*, 23 Sept. 1998; 'Ja partijas istenos savus solijumus ...', *Diena*, 4 Oct. 1998.
54. Andrejs Pantelejevs, 'Vai jus nespelejat futbolu, komentetaju kungi?', *Diena*, 27 Jan. 2000.