

forces failed to achieve their declared objectives in Lebanon could well spark a backlash at home and damage the EU's image abroad.

The Italian government is also seeking progress on the long-standing issue of EU involvement at the UN during its current stint as a non-permanent member of the Security Council, which began in January 2007. The government has promised to promote closer consultation between EU states on Security Council agenda items to prepare a common European position. D'Alema has also reiterated that Italy wants the EU countries to have joint representation at international financial institutions too. However, Italy and Germany are at loggerheads over Security Council reform. Rome opposes any increase in the number of permanent members, while Berlin wants a permanent seat for itself.

This bold foreign policy programme risks stumbling over two major domestic obstacles. First, Prodi's center-left governing coalition is highly fragmented and relies on

a narrow parliamentary majority. It also includes radical leftist groups which may press the government to renege on some of Italy's international commitments, such as participation in the NATO mission in Afghanistan. This would deal a serious blow to the government's international prestige.

Second, budget constraints impose ever tighter limits on the resources that Prodi government can devote to external obligations. Unless it manages to reverse this trend – and keep coalition partners in line – the credibility of Italy as an international partner and ally will suffer significantly. □

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## **RIGA** **EU's model member Latvia has still to rout its Oligarchs**

**By Atis Lejinš** Director of the Latvian Institute of International Affairs

Latvia looks the very model of a new EU member state. Its centre-right coalition

government, newly elected in parliamentary elections last October, is wholly pro-European and pro-NATO. And even the left-wing opposition, which draws much of its support from the country's ethnic Russian population, has toned down its anti-EU rhetoric.

Latvia's political system is now so stable that the new government is headed by the same premier as the previous government – Aigars Kalvitis of the People's Party. His victory marks the first time a Latvian government has won re-election since the country regained independence from the Soviet Union in 1991. The coalition government now includes four parties of the centre and centre-right, with a 58-seat majority in the 100-seat Saeima, or parliament.

The government's post-election declaration reads like a carbon copy of EU policy agendas for economic growth and competition, transatlantic relations, the Common Foreign and Security Policy and a joint energy policy. Other sections

seemed to parrot the sort of best practice advice that is handed out by the European Commission; the strongest anti-EU comment in the 37-page document was that the incoming government will defend Latvia's national interests within the Union.

The new government also pledged that Latvia would provide troops to the nascent EU Battlegroups, just as it already has done to NATO's Rapid Reaction Force. There was mention, too, of economic cooperation with the developing world and of assistance to European "neighbourhood" nations, especially in the east.

Latvia's intention of nurturing better relations with Russia was also on record, including the thorny issue of the long-running border dispute. Latvia is ready to cede part of its former territory, but getting a border treaty with Russia signed and sealed is easier said than done. Latvia's 1921 Constitution during its brief spell of independence between the two world wars, requires a referendum to be held on border issues. But

Russia wants to avoid any reference to the fact that she occupied Latvia in 1940, prior to being ousted by Nazi forces in 1941. Soviet troops returned in 1944 and remained until independence.

The new government's policy goals are far from new. They were part of the programmes of all three governments that were formed since the previous parliamentary election in 2002. The name of the political game is simple: catching up with the living standards of the rest of Europe.

Latvia's impressive economic growth is still forging ahead at over 10% a year. The budget deficit is set to fall below 2% of Gross Domestic Product, and at the end of the year there is always a reserve surplus in the Treasury to be handed out to low-paid teachers, doctors and policemen. On the downside, inflation remains the main economic headache at more than 6%. For the moment, though, stemming the flow of Latvians rushing off to Ireland to earn a better living there is a higher

priority than meeting the EMU inflation criteria.

But is Latvia's profile as a model European country too good to be true? Opinion polls still show that the overwhelming majority of Latvians are sceptical about the EU, reflecting more a national psychology that after decades of occupation and exploitation distrusts big powers than any outright hostility to the EU or NATO.

The on going problem of corruption is more worrying. Latvia has made some progress against political interference in the legislative and judicial process, which the World Bank sees as much more of a problem than, say, bribery of officials. It is something that is widespread in former communist countries, and successive Latvian governments have shown the political will to fight it. Yet the first act of the new parliament was to dissolve Latvia's anti-corruption commission and merge it with the one that handles defence and home affairs. The move was fiercely challenged by the opposition centre party, but it remains to be seen

whether Latvia's "Oligarchs", who spent lavishly during the last election campaign, will continue to play a murky role in Latvian politics that is to the detriment of judicial independence. The hope is that the state prosecutor's office now has the "Oligarchs" firmly in its sights and will eventually win the day. □

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## **WARSAW** **Poland's policy agenda for 2007 still will reflect its scratchy EU relationship**

By **Piotr Maciej Kaczyński**, analyst at the Institute of Public Affairs in Warsaw

Poland is ambivalent these days about its relations with the rest of Europe. It quarrels with its EU partners over energy policy and worries about the lack of reference to Christian values in the Union's treaties. Yet the Polish government's main consideration is how best to spend EU

structural funds. The troubled European constitution or the future of enlargement are of secondary importance, so foreign policy is likely to be left on the back burner this year, with Poland's political agenda set to be dominated by domestic squabbles.

Despite this reluctance to engage whole-heartedly with Europe, Polish society is broadly pro-European. Most Poles see that foreign investment and EU funding are between them reviving economic growth and raising living standards.

At the same time, the Polish government represents a deeply Roman Catholic nation that today feels somewhat alienated from largely secular Europe. Poles share an in-built allergy towards the troubled EU constitutional treaty, which makes no reference to Christianity and this makes them reluctant to become assimilated into the European mainstream.

This sort of euroscepticism will no doubt subside over time as both government and electorate come to appreciate the historic

opportunity of EU membership. Poles also want to see their views on international issues respected by their EU partners, and would warm appreciably to the EU if they felt it was making a fresh effort to strengthen relations with the US.

Poland has a dilemma over its own transatlantic ties. For many years, its warm relationship with the US was the backbone of its foreign policy, yet nowadays Poland also recognises that by itself it is too small to influence US policy. The pre-eminence of EU-US relations means that Warsaw will eventually have to decide whether its interests are not better served by trying to influence EU attitudes toward Washington rather than by continuing to languish in an unequal bilateral partnership.

Poland is also in a quandary over the twin issues of EU treaty reform and enlargement. Until now, Poland disagreed with any European leaders who argued that fresh institutional and constitutional changes were essential pre-requisites for