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STATE OF THE NATION
ADDRESS

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MR. SPEAKER OF THE SEIMAS OF THE REPUBLIC OF LITHUANIA,
HONORABLE MEMBERS OF THE SEIMAS,
DEAR FELLOW CITIZENS OF LITHUANIA,

This is my last state of the nation address to the people of Lithuania and members of parliament. Next year it will be delivered, as prescribed by the Constitution, by a new head of state in accord with own personal values, principles and viewpoint to Lithuania's present and future life. On many occasions, I have shared with the people of Lithuania my thoughts about the challenges that we face and ways of overcoming them.

I had the great honor and responsibility of serving two terms – ten years – as president of independent and democratic Lithuania by the will of its people. It is more than half of almost two decades of our re-independence. Throughout all these years, I spoke and worked as my heart told me to and I performed my duties in compliance with the Constitution, my personal beliefs and for the good of the homeland.

During this term of my presidency, I have more than once stated my views on issues most important to our society. Today I will share some thoughts and insights about Lithuania, its today and tomorrow, and about us, the people of Lithuania, walking along the path of our history.

This year we are celebrating the millennium of the first mention of the name of Lithuania in written sources. But if we ask our citizens which of the events is of the greatest personal importance, I believe that most would say that slowdown concerns have dimmed the Millennium of Lithuania. The fact that difficulties have descended upon us in the jubilee year eloquently reflects the dual nature of our reality. Our accomplishments stand side by side with persistent doubts and mistrust; our progress is accompanied by the feeling that too little has been done; our talk about hopes and expectations is haunted by uncertainty about the future. Together with Lithuania, I have searched and continue searching for an answer to the question: Why? Where are the roots of distress in our society?

I would say that the greatest failure since re-independence is that we have not created an open and mature society based on social partnership. We did not succeed in keeping intact the feeling of togetherness and responsibility, which inspired us during the years of national revival and gave us strength to reestablish Lithuanian statehood. Therefore, each of us, citizens of Lithuania, must answer for ourselves: How honestly did we contribute and continue contributing to the common good of our homeland?

But first of all we, politicians and participants of public life, must accept our share of responsibility for what we did not do and for what we are not doing. We have to admit that we have failed to bring people together for common goals and that sometimes our conduct and behavior are such that we should feel at least ashamed. When we keep telling people how hard the times are and that they will be even harder tomorrow, we tend to ignore world history and global experience. Meanwhile, this experience tells us that every crisis may also serve as a new starting point for radical thought and promising action if the right approach is taken. Therefore, I am confident that the present downturn offers politicians a fresh opportunity to translate their promises into action, achieve the breakthrough that is long overdue, and ensure that words correspond to deeds. Real and factual restructuring of Lithuania's higher education system could be the first sign of positive change.

In Lithuania, the global crisis has highlighted – not created – a serious problem that we have failed to resolve during twenty years of independence. Its origins are clear and obvious: lack of thought and action based on common values. To put it in simple words, **the devaluation and marginalization of morals.**

The roads that we may choose in the face of the present slowdown are different. One of them is to place all blame on external factors out of our control and claim that these difficulties are a mere echo of global economic and financial trends. This is true in part. However, if we had done everything that depended on us and if we had acted

in a responsible way, it would be much easier now to deal with worldwide challenges. If we continue searching for the causes of our failure in the global economic whirlpool, ignoring the reality and indulging in self-deception, we risk repeating the mistakes that have cost us so dearly today and that may cost us even more dearly tomorrow.

The irresponsible and ungrounded accusations leveled at our own people and the state do enormous damage to Lithuania. Such behavior is wrong and immoral. But to rush to another extremity and deny real problems, threats and difficulties is just as inexcusable. Our truly historic achievements have induced us to give in recklessly to the illusions of easy life. After reestablishing independence, Lithuania reclaimed its rightful place in the world family of sovereign nations. Membership in the European Union and NATO allowed Lithuania to regain its cultural and civilizing identity, which was taken away by force, and strengthened the foundations of the common good and security. This success is the greatest breakthrough in the history of the Lithuanian nation and state.

Regrettably, we have to admit that many people became too overwhelmed by such success. They came to believe too easily and quickly that when Lithuania joined the European Union and NATO, it entered a harbor safe from storm, facing an ever bright future and never ending progress. The inaction that followed produced prolonged stagnation. Focused on the distribution of EU funds and convinced that the economy will never stop growing, we failed to

introduce consistent reforms in higher education, health care and courts of law, to improve the pay system for civil servants, particularly the police, fire fighters and other statutory officers, and to set aside resources for a possible downturn.

There was a lot of talk, at times to the point of exaggeration, about the reforms needed for Lithuania's progress and development. But in most cases it resulted in loads of paperwork for strategies and restructuring projects. Eventually, people grew tired of slogans that were never translated into action.

In an attempt to justify the wrong paths taken, some say that the difficulties faced by Lithuania are objective and could not have been avoided. This argument has truth on its side: crucial changes in life are never quick or easy. But is it moral to place all fault for the mistakes made on our historical background? Is it fair at the end of the second decade of independence to put all blame on unfortunate historic circumstances? Are we not in this way belittling and depreciating our own free choice and responsibility for the future?

Have not the decisions made by Lithuanian politicians shaped our life since re-independence? Allow me to give some examples. Land which is immovable property was made movable in Lithuania and many people were wronged by their own state because the laws allowed others, mostly those with contacts in governmental institutions, to take over the best located land from its legitimate owners. Is it really only due to external forces and historical legacy

that almost nothing was done in the past twenty years by the governments of all political wings to develop the vitally important guidelines for Lithuanian energy security? The list of such questions is long and may be continued. Is it not true that the allegedly objective circumstances are used to camouflage egotism and indifference to people, society and the interests of the state?

Much has changed in the past twenty years but essential systemic reforms in the state sector were stalled. Excuses were made that reforms were incomplete because political stability had to be preserved. Such partial reforms pushed us slowly toward stagnation and prevented us from preparing for the downturn. However, a long-lived government is not a value in itself. Any government plays a positive role only to the extent that it works for the people who have entrusted it with powers.

We have to admit therefore that when some time ago we saw that the ruling minority coalition and its government started focusing on its own survival instead of the reform process, we stopped short of taking resolute action. Some parliamentary parties urged the President to dissolve the Seimas. But I stand by the principle of the law that the parliament must signal its willingness for such action.

If we had created a strong ruling majority earlier, we would not have needed to introduce a tax reform and review the budget so hastily, within a time span of only several days. We are now correcting the mistakes made just as hastily and we are doing that to the detriment of the people. But we must at least learn from mistakes as we correct

them. We should change the defective practice of debating and approving the budget for the next year together with holding general elections. For this reason, we are unable to deliver a budget based on national priorities and tailored for Lithuania's economic needs. The process is further confused by the populist pre-election atmosphere.

Ladies and Gentlemen,

Reforms are crucial for all the sectors of our life, including public administration. I have in mind here not only the sunset of bureaucracy, which is long overdue. I am also speaking about the political management of the country and stronger bonds between its citizens and the politicians accountable to them. One of our main objectives is to improve the law on elections. Popular trust in politicians will be restored only when election campaigns are transparent and when party competition is based on ideas, not the funds they receive from supporters.

Elections in Lithuania are held in conformity with all democratic procedures, but public opinion polls nevertheless show that many of our citizens are disappointed in the quality of democracy and express their protest by not voting. The low turn-out at polling stations indicates that our political and party systems are not yet well established. But instead of eliminating the causes behind political passivity, the voters are accused of lacking awareness and responsibility.

It is no secret that parties need more internal democracy. Their election programs and promises are mostly non-binding slogans. Therefore, unexpected post-election coalitions are frequently formed, while political and economic decisions do not conform to the goals proclaimed. Switching party membership on the eve of elections has also become a norm. All of this weakens democratic society, creating disappointment in the government. Meanwhile, little has been done in real terms to strengthen the foundations of democracy. Nobody seems to be willing to openly discuss the necessity of changing the election system, moving it toward more active participation of citizens in the political process.

The closeness between politics and business is destructive and dangerous. It is evident that such links – first and foremost, the dependence of political parties on the financial support from business – must be severed as soon as possible. But the legal amendments prohibiting individual persons and legal entities from funding parties and their election campaigns are gathering dust in parliamentary drawers. Therefore, I would like to once again repeat what I said in my last year's state of the nation address: it is very unfortunate but Lithuania has not as yet emerged as a country of consolidated and mature democracy, while traces of political patronage and oligarchy still exist in our political system. To change the existing situation is a task of primary importance for the immediate future.

The Lithuanian economy is also facing serious challenges. We were delighted to have created in the past two decades of independence a

well functioning and rapidly developing market economy and we described ourselves as one of the Baltic tigers. Surely, we have a lot to be delighted about. If we compare even the most pessimistic economic forecast for this year to our economic situation twenty years ago, we will see evident progress. However, if in addition to assessing general tendencies we also analyze the history of market development, we will realize that many questions remain unanswered. Like, did we provide sufficient space for private enterprise and competition? We have to admit that it was not only by honest competition that Lithuanian businesses were created and it was not only the talented and the persevering that became rich and wealthy.

For many business people, the backing of political forces is key for survival. Today, the interconnection of business and politics has become a fact in some sectors, and there are segments of the economy which, although built on private ownership, cannot operate without grants and subsidies from the government. Such links between private businesses and politicians as well as excessive administrative limitations restrict free competition. The current economic slowdown has disclosed these defects, making them more visible.

Having acknowledged this unpleasant truth, we must resolutely continue working towards well functioning market relations. Discourse about market deficiencies or the so-called global crisis of capitalism should not delude us that new recipes have been found for dishonesty or other human faults which can weaken any system.

But is it not the free market that makes it the least possible for dishonesty to remain unpunished? It is a market economy where competition works the best and labor results depend on clearly defined and well protected private property rights, on human talent and creativity, and not on private contacts or relationships.

Today we see that intense global efforts are being made to find solutions for economic recovery. It will most probably lead to new forms of economic regulation and government participation in some sectors of the economy as well as to more dynamic international cooperation. I nevertheless believe that the basic market principles – which have proved their viability by enabling millions of people throughout the world to escape poverty, realize their creative potential and entrepreneurship, better meet their essential needs and protect the environment – will live on. I believe that we will not be lured by easy solutions and that we will align political action with extensive analysis of the reasons behind the current economic failure; I am confident that we will be attentive to historical and international reality and never lose trust and belief in free, responsible and moral choices that we and other people make.

Does not our own and international experience show that it is **lack of morals** in some political centers, which shape our life and distribute resources, that has emerged a major problem, leaving no place for solidarity, human compassion and concern for poverty and hardship. We seem to forget that morals cannot be decoupled from freedom, responsibility and community. It is well known that the main

cause of poverty is lack of humanness and togetherness – not economic underdevelopment.

Deficient moral politics have permeated all sectors of our life, creating many serious problems. **The devaluation of morals is one of the main reasons for the current downturn.** Until we realize and admit it, continuing to believe and declare that the roots of Lithuania's problems are mostly economic or technological, the situation in our country will not change. Only moral cleansing and moral revival can help Lithuania break out of the crisis in its economy and values, paving the way to prosperity and a brighter future. There is no other way. By ignoring moral politics, Lithuania is paying the greatest price of all: huge emigration flows, increased social tensions and standoff. The government cannot stay arrogant and disregard the symptoms of social division.

I would like to stress that the government of a democratic state will not find solutions by restricting the constitutional rights and freedoms of the people. The only way out for the government is to limit its own powers, liberating private enterprise and initiative from the grip of bureaucracy and curbing the appetite of politicians and public officials for unwarranted privileges.

Moral decline is also reflected in the fact that we have not as yet managed to consolidate the fundamental principle of a democratic and a law-governed state – the indisputable authority of the judiciary. Disrespect for judicial independence is tolerated in public space and

attempts are made to exert influence on courts in violation of the Constitution and the law. The Seimas has enacted my proposals by passing a new law to reform the judicial system, make it more open and transparent, and include public representatives into the judge selection process. However, it is our inability to hear each other that does not allow changing the situation effectively, and the response given by the Seimas to presidential proposals gives rise to doubts that politicians may be trying to influence the courts. We must overcome this temptation leading to the erosion of the rule of law: the judicial system must stay on the course defined by the law. This is in the vital interests of Lithuania.

Guided by its national interests, Lithuania has responded to serious foreign policy challenges, passing the test of morality and respect for universal values by the highest margin.

Last year, international confidence in the world order built on the US-proclaimed principles and values was badly dented by an act of aggression against a tiny European country. Lithuanian society was greatly distressed by the blatant violation of the fundamental principles of international law: national sovereignty, territorial integrity, and respect for human rights. Lithuanian diplomacy did not stand aside from the events in Georgia. I am confident that our people, who well know the price of independence, understand that only a foreign policy based on democratic principles can serve freedom and people across the world.

Today, as we avail ourselves of the benefits of full membership in the transatlantic alliance, we have to make a moral commitment to help those nations who aspire to the same goals.

Dynamism, professionalism, and ability to find allies and partners made it possible for Lithuania to attain concrete results. For the first time in European politics, Lithuanian diplomacy has contributed in a major way to drafting an EU mandate for negotiating a new agreement with our neighbor Russia.

Lithuania's actions were openly supported not only by its closest neighbors Latvia, Estonia and Poland, but also by some Nordic countries. Consistency in defending our national interests made the European partners better understand those aspects of the EU-Russia dialogue which are greatly important to us and to reach a European agreement based on solidarity.

Strangely enough, but Lithuania's viewpoint created heated discussions at home: Is our foreign policy too idealistic? Perhaps, it would be better for Lithuania not to stand out? Maybe Lithuania should keep silent or take a more convenient course of action that would better meet our material needs?

Of course, discussions on foreign policy are needed. However, its main direction cannot be corrected according to the rise or fall of gas and oil prices or changes in transit flows. Only those relations between countries that are based on clearly defined rules, honest

and mutually beneficial agreements, and respect can serve as a foundation for stability in economic cooperation. It is such neighborly cooperation that I have been proposing in respect of Russia since the very beginning of my presidency. This is a never changing vector in Lithuania's foreign policy which has helped her settle many complicated and even unique diplomatic issues. For instance, we have agreed on state borders and passenger, cargo and even military transit via Lithuania to and from Russia's Kaliningrad region. Together with our partners in Europe we can use this potential of ours.

If Lithuania's foreign policy deviates from long-term objectives and fundamental values, we will betray the independence ideals enshrined in the declarations of February 16 and March 11. And if we stop believing in these values and stop fighting for them, we will allow short-lived materialism to overshadow our national strategic goals.

I am very pleased and proud that Lithuania did not choose a mistaken path and stood firm by the values of freedom, democracy and solidarity. These are fundamental and long-term goals that lie at the basis of Europe's life, shaping a pro-active Eastern policy pursued not only by Lithuania, but also by the European Union. The backbone of this political doctrine is being formed by Lithuania together with its strategic partner of Poland and other regional allies supporting the expansion of democracy, reforms and stability to the East.

We are well aware of the new security challenges that the European Union and NATO face in the 21st century. They concern energy, cyber

security and other issues directly affecting the safety and well-being of all Lithuanian citizens. As an energy island, Lithuania has always emphasized the enormous importance of a common external EU energy policy and has actively worked for European solidarity, calling for its attention to this problem. European leaders, who earlier showed only restrained interest, have recently approved, unanimously, the Baltic interconnection plan, giving it both political and financial support. Nevertheless I would like to point out that these resources will not be sufficient if we fail to rally our political will and do our homework to build a new nuclear power plant and power bridges to Western energy networks.

Quite understandably, not all of Lithuania's efforts produced the desired results. Still, Lithuania's viewpoint is important for European partners: it is listened to and respected. Therefore, as we appraise our resources, we must continue searching for ways to establish ourselves in the European energy system and enter the euro zone. It is in our national interests to support and encourage the people of Ukraine, Moldova, the Caucasus countries, and Belarus aspiring for democratic development. An open and active dialogue would allow Lithuania to fulfill its mission as an efficient transit state and geopolitical gateway to western democracy.

Today, not a single country is capable of countering international terrorism, drug trafficking and global crisis all by itself; hence the never-fading importance of solidarity. Awareness of global threats and challenges commits us to continue the mission in Afghanistan,

even though the death of our soldier has created a painful shadow. By developing our very special partnership with the United States of America and actively contributing to global and regional international organizations, we control and reduce the risks that cannot be fenced by state borders.

On the basis on our historical heritage and careful analysis of today's realities, we must strengthen our dynamic and open partnership with Poland, renew the dialogue with the Visegrad Group within an enlarged European Union, and maintain active cooperation ties with the Nordic countries that had supported us for so many years. Our investment into cultural exchanges which cover extensive people-to-people contacts and the sharing of knowledge and experience – all that I have always urged to expand and develop – create a favorable environment for spiritual togetherness.

By developing neighborly relations and through its active presence in the region that lies between the Baltic Sea and the Black Sea, Lithuania has gained a lot of knowledge and practice. Therefore, we should not belittle our aspirations, founded on the present day and the past, **to establish ourselves on the European political map as a major regional center.**

Historical experience and relationships are very important for the development of Lithuania's modern foreign policy. We can realize Lithuania's national interests – the spiritual, intellectual, cultural, and economic well-being of the people of Lithuania and its neighbors –

within the framework of European policies, transatlantic dialogue and Eastern initiative. Lithuania may and must act firmly and decisively to reveal the creative potential of its people at the regional, European and global level.

Today the world is getting through the economic and financial crisis, searching for instruments to strengthen the economy and restore confidence. To this end, we need to act openly and in communion and not to give in to the temptations of national protectionism. Both small and large countries bear the same responsibility in this respect. I firmly believe that unifying national interests will also set the guidelines for Lithuania's foreign policy and diplomacy.

Ladies and Gentlemen,

Although I have been often criticized for idealism, which some claim is alien to modern times, I have kept my faith to the same values and ideals: freedom, democracy and respect for others. Only moral values and common goals will help us stay on the right track and find a way out of today's complicated labyrinth.

Satisfaction with short-term benefits and indulgence in political intrigue to gain power and authority reduce our potential to confront the actual problems of today. The best strategy that will bring us out of the current turmoil is built on real action based on values and inspiration, principles and ideals. The term „values“ has become commonplace these days. But to make the word become flesh, we need strong political will – not philosophical incantations.

Throughout my life and political career, I saw more than once the West searching for the right response to economic problems. I have learned that money saving and rational spending are not crucial for emerging and recovering from crisis. What is most important is new ideas, new efforts for spiritual growth, and new ways of communicating and acting, which encourage confidence and build harmony. Our knowledge and understanding of what is crucial today and tomorrow should be translated into every-day political decisions. But this is possible only if we live by clearly defined principles and priorities.

There is no need to look far for sources of inspiration: they are embedded in each of us, drawing on the ideas of independent, just and dignified Lithuania endorsed by the Sąjūdis movement. It was these ideals that led us on the path of genuine resolve and sacrifice to freedom.

No difficulties or problems will ever make me hesitate about the values of liberal democracy. Downturns have always amplified social tensions, produced a strong wish to resort to easy measures, and increased authoritarian and dictatorial temptations. But I still believe that only **freedom, diversity, decent work, and individual creative potential are the prerequisite for Lithuania's success.** So let us not lose faith in our people, nation, freedom, and Lithuanian identity, all of which lie at the foundation of our statehood. Let us work together for the benefit of homeland, without ever making a difference between us and strangers, the selected and the ordinary or the alienated.

Lithuania, guided and unified by ideals, has achieved its ultimate goals. Now we have to overcome new challenges by writing a new page in the book of Lithuanian history. Future generations of Lithuania, as they read these pages, will forgive us for making mistakes, but not for telling lies. So let us be honest to ourselves, to each other and to the State. Let us write our history in the language of truth, openness, morality, and trust. Let us start writing now, not tomorrow. May we all work „for the sake of Lithuania“.

I thank you, the people of Lithuania, for giving me your trust and your support throughout all the years of my service to you. I am and I will always be with you.

Thank you for your attention.
