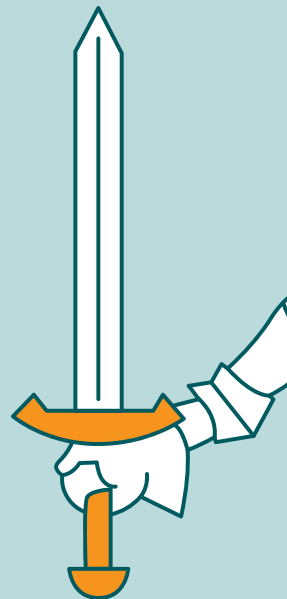
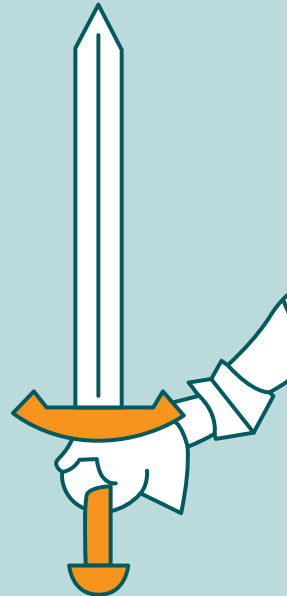
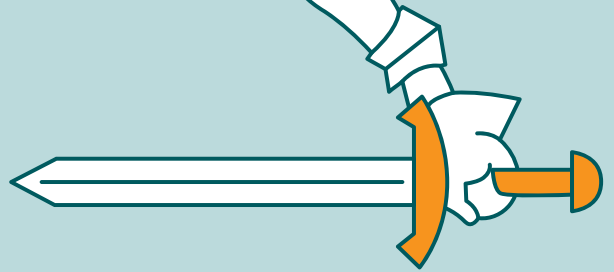
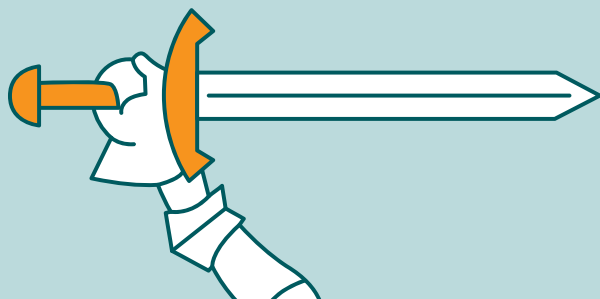


Liutauras Gudžinskas
November 2025

Dancing with Swords:

*First Anniversary of the Lithuanian
Social Democrats' Return to Power*



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Introduction

This brief study analyses the first year of Social Democrat government in Lithuania following the October 2024 parliamentary elections. The period was indeed eventful, ranging from vigorous efforts to implement key electoral pledges, such as taxation reform, to the resignation of the Prime Minister and change of party leadership, leading to a comprehensive overhaul of the cabinet and the ruling coalition. From the very outset, right-wing opposition was openly critical of the Social Democrat, only became more vociferous. The year was also marred by public scandals and civic protests directed against the Social Democrats' choice of rather notorious coalition partners. Turbulence in domestic politics was matched by geopolitical instability caused by the continuing war in Ukraine and the growing threat of Russian militarism.

From a comparative perspective, the study is relevant in at least two respects. First, by winning the 2024 parliamentary elections so convincingly the Lithuanian Social Democratic Party (*Lietuvos socialdemokratų partija*, LSDP) bucked the regional trend of centre-left parties in central and eastern Europe and elsewhere constantly losing voter support alongside the rise of populism. Moreover, this victory signified a dramatic rebound for LSDP after it was swept from power in 2016 and performed even worse in 2020. It is thus important to examine how the Social Democrats meet voters' expectations after returning to government, and to assess the extent to which the LSDP case may serve as a model for its counterparts in the region and beyond.

Second, since 2004 the Social Democrats have been open to cooperation with various anti-establishment and populist parties, while frowning upon alliances with other mainstream parties, such as the Conservatives and the Liberals. In this regard, they seemingly acted against recommendations not to collude with populists (Halikiopoulou and Vlandas 2022). Their decision to ally with the newly emerging protest-populist Dawn of Nemunas party after the October 2024 elections has been yet another »sword dance« for LSDP, which may not end well for the party and its credibility in implementing a left-wing agenda. While one year is admittedly not a sufficient period to draw conclusions on the consequences of this critical choice, in this study we shall reflect on how this experiment is developing and what the prognosis is.

The analysis is divided into six sections. In chronological order, it investigates (i) the outcomes of the parliamentary

elections in October 2024, (ii) key achievements of the first LSDP government headed by Gintautas Paluckas, (iii) his resignation and the ensuing process (iv) of picking a new leadership and (v) the formation of a new government. In the final section (vi), we look at what can be expected from this chain of events and what actions the Social Democrats might (or should) take to stabilise the situation both in the country and within the party.

Successful elections for LSDP in 2024 after a long time¹

In October 2024, the Lithuanian Social Democrats scored an undisputed victory in the national elections. Under the leadership of MEP Vilija Blinkevičiūtė, the Social Democrats were the clear winners in the elections to the Lithuanian Parliament (or Seimas) organised in two rounds on 13 and 27 October.

In total, they won 52 MP seats out of 141, four times as many as in 2020. It is the best performance in the party's history, even outstripping the victory in 2000, when a centre-left coalition of four parties led by President Algirdas Brazauskas obtained 51 mandates. The ruling centre-right Homeland Union – Lithuanian Christian Democrats (*Tėvynės Sąjunga – Lietuvos krikščionys demokratai*, TS-LKD) (belonging to the EPP family), also referred to as the Conservatives, came a distant second with only 28 mandates, down from 50 seats in 2020. Their two minor coalition partners also suffered losses. Liberal Movement (*Liberalų sąjūdis*, LS) won 12 mandates, one fewer than in 2020, while the pro-market and socially progressive Freedom Party (*Laisvės partija*, LP) was voted out of the Seimas. Table 1 provides a detailed look at the Seimas's elections in 2024.

In this regard, the so-called pendulum effect, in which voters' support slides from left to right and back, was again clear, as in almost all other parliamentary elections since Lithuania regained independence in 1990. Despite tangible achievements over three decades of independence, Lithuanian voters are still prone to punishing incumbents every four years.

Another important reconfirmed characteristic of the Lithuanian elections is the emergence of completely new parties. This time, it was a new protest-populist party, »Dawn of Nemunas« (*Politinė partija „Nemuno aušra“*, PPNA), named after a major river of the Baltic Sea basin flowing through Lithuania. They received 20 mandates and placed third. They were particularly successful in many constituencies in Western Lithuania. Their rise stems largely from the electoral appeal of their leader, Remigijus Žemaitaitis, who resigned from the Seimas in April 2024 after the Constitutional Court ruled that he had violated the Constitution with a series of antisemitic statements on his social media account.

The biggest losers in the elections were centrist-populist Farmers and Greens (*Lietuvos valstiečių ir žaliųjų sąjunga*, LVŽS), led by agro-tycoon Ramūnas Karbauskis, who crushed the Social Democrats in 2016 and had the largest opposition parliamentary faction after 2020. This time, they collected only eight mandates, 24 fewer than in previous elections. Their popularity fell sharply at the end of 2021, when their former Prime Minister (2016–2020), Saulius Skvernelis, left the party and created his own: the Union of Democrats »For Lithuania« (*Demokratų sąjunga „Vardan Lietuvos“*, DSVL).

The rise in living costs, underfunding of public services and their gradual privatisation, as well as social exclusion, acutely felt in the countryside, were among the top concerns debated in the election campaign. Likewise, national security and increasing defence in the wake of Russia's military aggression against Ukraine were also widely debated. Some of the party lists tried to spread ideas originating from the Kremlin's communication playbook, but they failed to attract people's support. While the leader of Dawn of Nemunas also did not shy away from certain controversial statements, they aimed primarily at exploiting anti-elite sentiments among disenchanted voters rather than at promoting an anti-Western narrative within society.

Concerning the Social Democrats' comeback after crushing defeats in two previous parliamentary elections (in 2016 and 2020), four key factors stand out:

1. Internal democratisation reforms within the party after the 2016 electoral defeat, including the introduction of the election of the party leader by all members of the party, as well as a brave decision to exit the ruling coalition headed by the Farmers and Greens Union in 2017, which allowed the party to avoid its brand dilution in the long run. The party renewal process, initiated in 2017 by Paluckas, the new LSDP leader elected in the first direct vote in the party's history, yielded mixed results. However, this renewal enabled a generational change in party leadership, which was important for refreshing the party's image in the eyes of disgruntled voters.
2. The ability to retain party unity after the split of the parliamentary faction following the exit from the ruling coalition in 2017. While two former party leaders and former PMs, as well as other influential MPs, left the party, not a single mayor or other key local party leader followed suit, leaving the party's infrastructure

¹ This section is based on the author's article in the Progressive Post, <https://feps-europe.eu/rebound-of-social-democrats-in-lithuania-reasons-and-implications>.

Party*	European family	% of votes cast	Seats from MMD	Seats from SMDs	Total	Difference from 2020
LSDP	S&D	19.32	18	34	52	+39
TS-LKD	EPP	18.00	17	11	28	-22
PPNA	N/A	14.97	14	6	20	New
DSVL	Greens	9.22	8	6	14	New
LS	Renew	7.70	7	5	12	-1
LVŽS	ECR	7.02	6	2	8	-24
LP	Renew	4.53	0	0	0	-11
LLRA-KŠS	ECR	3.88	0	3	3	0
Other		13.43	0	2	2	-13
Invalid		1.93	N/A	N/A	N/A	N/A
Independent		N/A	N/A	2	2	-2

Note: * Abbreviations: LSDP – Lithuanian Social Democratic Party, TS-LKD – Homeland Union – Lithuanian Christian Democrats, PPNA – Political Party “Dawn of Nemunas”, DSVL – Democrats’ Union “For Lithuania”, LS – Liberals’ Movement, LVŽS – Lithuanian Farmers and Greens Union, LP – Freedom Party, LLRA-KŠS – Lithuanian Polish Electoral Action – Union of Christian Families.

Source: Central Electoral Commission, <https://www.vrk.lt/en/2024-seimo>

on the ground largely intact. Meanwhile, the split of LVŽS after the 2020 parliamentary elections helped LSDP to regain its status as the Conservatives’ most formidable opponent.

3. The personal charisma of LSDP leader MEP Vilija Blinkevičiūtė, directly elected in 2021, clearly invigorated the Social Democrats’ electoral chances. From the moment she was elected party leader in May 2021, the party’s popularity rose steadily.
4. Out of 52 mandates, 34 were gained in single-mandate districts. Social Democrats won around 90 per cent of the run-offs in which they competed. They were successful both in major towns (such as the second-largest city, Kaunas) and in rural areas. In this regard, the Social Democrats realised their two competitive advantages. On one hand, voters perceived them as the most real alternative to replace the incumbent Conservatives. On the other hand, taking rather moderate positions on many divisive issues helped the Social Democrats to come across quite favourably to many supporters of other parties.

The achievements of Paluckas' government (2024–2025)

The formation of a new government after the Seimas elections was fairly messy. Just after the elections, the then 64-year-old LSDP leader MEP Vilija Blinkevičiūtė announced that, despite her pre-electoral pledge, she would not lead the government, citing her age. Instead, the party nominated 45-year-old MP Paluckas, former LSDP leader (2017–2021) and number two in the Social Democrats' electoral list. However, that was not LSDP's only broken electoral promise.

The Social Democrats initially hoped to form a coalition with DSVL, headed by former PM Saulius Skvernelis (2016–2020), which received 14 mandates, and with LVŽS, which won eight seats. However, Skvernelis categorically opposed such a format primarily because of his personal rivalry with former ally LVŽS leader and tycoon Ramūnas Karbauskis. Eventually, LSDP agreed to govern with Skvernelis's party and PPNA. By agreeing to cooperate with the latter, LSDP broke another pre-election pledge and faced widespread public disquiet. On the other hand, PPNA's 20 seats enabled the Social Democrats, together with DSVL, to build a convincing parliamentary majority of 86 out of 141 MP seats.

With such a large parliamentary majority, Paluckas could have hoped for vigorous implementation of the government programme, which was largely based on the LSDP electoral manifesto. A rapidly worsening geopolitical situation, however, soon corrected the initial plans to devote more attention to fighting poverty, reducing inequality and solving other social problems. In January 2025, the State Defence Council, chaired by the President, announced that Lithuania would raise its defence spending from 3 per cent of GDP to 5–6 per cent starting in 2026. This was in response to the threat of Russian aggression in the region. It represented a steep rise from the 3.5 per cent of GDP commitment made by the government in its programme adopted just one month previously. Such a step was widely interpreted as an attempt to please a newly elected US president. In fact, it pre-empted a similar pledge by all NATO member states to increase defence expenditure, confirmed at the Hague summit five months later.

The new defence expenditure target has further aggravated Lithuania's fiscal tensions. In terms of share of GDP, Lithuania's budget has been among the smallest in the EU, underscoring the need for comprehensive tax reform to sustainably finance education, health care, social protection and other public policies. However, a previous government

led by the centre-right TS-LKD was unable to raise taxes to balance public finances, mostly because of internal disagreements in the ruling coalition. As already mentioned, both partners of the Conservatives were economically libertarian, which complicated joint decision-making.

Against this background, the LSDP-led government felt strong pressure to implement a comprehensive tax reform without hesitation to help balance the budget and raise defence expenditure. Eventually, at the end of June 2025, the Parliament passed such a broad taxation package, which will take effect from 1 January 2026. Among the most important changes, Lithuania will raise its standard corporate income tax rate from 16 to 17 per cent. For small businesses with annual revenue under €300,000, the reduced rate will increase from 6 to 7 per cent. Also, Lithuania will transition to a progressive personal income taxation regime, taxing total income – including employment, self-employment, rental income and capital gains – at 20, 25 or 32 per cent, depending on income level. Dividends and certain capital gains will continue to be taxed at a flat 15 per cent rate. For the self-employed, income up to €42,500 is taxed at 20 per cent, while a lower band (5–20 per cent) applies to lower incomes. Income above this threshold will be taxed progressively, alongside other income streams (Kanciene 2025). In addition, real estate taxation was reformed. However, initial plans in this field proved highly divisive, and the legislation was eventually watered down to the point that, according to preliminary calculations, it will raise less money than before the reform. Farmers also won certain exemptions from income tax at the final stage, following well-organised protests, which, to some extent, undermined the integrity of the overall taxation reform. Nevertheless, the government calculated that the changes are expected to generate approximately €280 million in additional revenue in 2026, and by 2027, the measures could bring in between €560 million and €580 million (BNS 2025a). According to Finance Ministry projections for 2025–2027, the current budget deficit of 3 per cent of GDP will drop to 2.5–2.6% of GDP for the next two years, while public debt will rise from 44.4 per cent to 50 per cent of GDP.

Among other achievements of the short-lived government, one must mention the reform of the second-pillar pension scheme, a signature project of the then Social Affairs and Labour Minister Inga Ruginienė. Lithuania's second-pillar pension funds hold assets worth €9.1 billion (11.6 per cent of GDP). However, in March 2024, the Constitutional Court ruled that it was unconstitutional not to legally allow peo-

ple to terminate their retirement-saving contracts on reasonable grounds. Moreover, the private pension funds have long been criticised for an unimpressive performance in the markets. Left-wing economists questioned whether it was reasonable, in the first place, to create such private pension schemes, partially subsidised by the state, while undermining the fiscal sustainability of public social insurance. The supporters of the second pillar, however, argued that, despite market fluctuations, it provides an important additional guarantee for pensioners, in particular those of the future generations.

As in the case of the taxation package, the pension reform was adopted at the end of June, during the last days of the spring session. The Seimas decided to discontinue the automatic enrolment of residents into the second-pillar pension scheme. The reform introduced a voluntary accumulation model instead of automatic enrolment every three years. Moreover, persons who are dissatisfied with the updated conditions of the pension accumulation will be allowed to withdraw from it between 1 January 2026 and 31 December 2027. The new provisions also allow a once-in-a-lifetime withdrawal of 25 per cent of the accumulated funds by retirement age. Although the reform was criticised by the European Commission and other international institutions (BNS 2025b), it is expected to be popular with the public. Its real effects, however, will become visible only next year, when the window for withdrawing accumulated funds opens.

Resignation of the Paluckas government

On 31 July 2025, PM Gintautas Paluckas announced his resignation as both the head of government and leader of the LSDP. He took such action in the wake of investigations into his business dealings over the past two months. The revelations sparked widespread public condemnation and mounting pressure for him to step down, which he eventually did.

The first scandal erupted at the end of May, when investigative journalists from Laisvės TV and Siena disclosed that a closed joint-stock company Garnis, co-founded by Paluckas and a business partner, received a subsidised €200,000 loan from the national development bank while Paluckas was already serving as Prime Minister. While the Prime Minister categorically denied involvement in this transaction, the story prompted journalists to dig further into Paluckas' and his associates' past and current business activities. The second report revealed that another Paluckas's company, Sagerta, had received and failed to repay large loans from Uni Trading, a firm linked to businessman Darijus Vilčinskas. In 2012, Paluckas also purchased a €223,000 apartment, where he currently lives, from a Vilčinskas-owned company, despite previously denying any business ties with the entrepreneur. In the third report, Siena and Laisvės TV found that a Cypriot company sold Paluckas a discounted apartment in central Vilnius in 2012, on a plot of land he had overseen as the head of Vilnius City Municipality Administration. The fourth report came from another investigative outlet, Redakcija, that analysed how Paluckas and his associates acquired land plots in a prestigious district in Vilnius by manipulating the restitution process in 2009 (Samoškaitė 2025).

Despite these suspicious dealings, Paluckas stated that he had done nothing wrong and vowed to remain in the office. President Gitanas Nausėda strongly backed him, and LSDP stood united behind its embattled leader. However, two other stories came out, dealt a final blow to Paluckas. Unlike previous reports (except the first), they aroused strong suspicions about his behaviour while in power.

One of these two critical reports was the revelation that Paluckas only paid off the remaining €4,900 of a €16,500 fine to Vilnius city municipality when journalists started investigating this matter, in other words, on 8 July 2025, a full decade after the 2015 payment deadline. The fine was imposed by a 2012 court ruling, when Paluckas was convicted in the so-called »rat case« for abuse of office while serving as director of the Vilnius City Municipality

Administration, in connection with the procurement of pest control services. Given that payment of this fine was tied to his parole, this report raised serious doubts about Paluckas' legitimacy. Most importantly, if Paluckas had not managed to meet such a payment on time, how was it legally possible for him to be elected to Parliament in 2020 and 2024 in the first place, not to mention to become premier? The scandal also undermined Paluckas' leadership credentials within the party and the ruling coalition despite his public apology for his »human error«.

The last straw, which finally dethroned the Prime Minister, however, was the media's discovery that Dankora, a recently established company that had received €173,000 in EU funding for an electric vehicle and ship loading infrastructure project, had issued a €145,000 contract to purchase battery systems from Garnis, the firm co-owned by Paluckas and central to the earlier loan scandal. The key aspect of this story was that Dankora had been acquired by Paluckas' sister-in-law shortly before the transaction with Garnis. Spurred by media revelations, agents of the Financial Crime Investigation Service raided Dankora offices at dawn on 31 July. Within hours, Paluckas phoned Nausėda to announce his resignation.

Picking a new Prime Minister

After Paluckas' government officially resigned, LSDP initiated a nomination process for a new candidate to lead the government. Many observers predicted that 41-year-old Mindaugas Sinkevičius, mayor of Jonava, former Minister of the Economy (2016–2017) and interim party leader, was the candidate most likely to become the new Prime Minister. Both the president and an absolute majority of party territorial divisions supported him. Somewhat unexpectedly, however, Sinkevičius refused to take the helm just one day before the LSDP praesidium was about to select a nominee. Among the main reasons for Sinkevičius' decision may have been his reluctance to step into the limelight, at which point rivals and hostile media would undoubtedly start to investigate whether he, like Paluckas, had his own skeletons in the closet. In addition, Sinkevičius' suitability as a prospective Prime Minister was already somewhat tarnished after he was convicted in 2024 of minor embezzlement (around €1500) in Jonava's municipality, just before the parliamentary elections. The Supreme Court, in its final verdict in March 2025, ruled that the sentence had been too harsh, which enabled Sinkevičius to return to politics. Nevertheless, Sinkevičius became even more cautious about seeking the premier position.

When Sinkevičius renounced his candidacy before the party praesidium meeting on 6 August, the competition over who would head the next government widened and became more uncertain.

Ultimately, the LSDP praesidium confirmed Ruginienė's nomination as the new Prime Minister, with 48 members in favour, 5 against, and 3 abstaining in an open vote. This outcome was rather surprising given that a week before that her candidacy had scarcely been considered. While Ruginienė is currently the most popular LSDP figure and has clear credentials as a leftist and socially progressive politician, serving as the head of the Lithuanian trade union confederation for six years before entering the Seimas in 2024, she is also widely regarded as a political novice, joining the LSDP ranks only a few months ago. She is credited with successfully advancing pension reform in Paluckas government, but her knowledge of other policy areas beyond social affairs and labour issues appears less certain. On the other hand, her lack of experience in party politics seemed to be one of her key advantages over the more seasoned politicians competing with her for the nomination. Amid unprecedented public scrutiny following the Paluckas scandal, the LSDP authorities opted to pick the person with arguably the cleanest reputation.

Nevertheless, the right-wing opposition did not waste a moment before questioning LSDP's choice in general and the nominee's character in particular. The targets of public attack ranged from her supposedly »impure« accent (allegedly with slight Russian undertones) to her private visits to Russia in the past. Stories about her relatives in Russia and her husband's business activities in Russia and Ukraine emerged. However, the biggest challenge for Ruginienė and Sinkevičius, as new LSDP leaders trying to clean up the party's image after the Paluckas episode, was the choice of coalition partners.

Forming a new coalition

With a 60 per cent majority in the Seimas, the coalition led by Paluckas might have expected to implement major planned reforms. After the Prime Minister's resignation therefore LSDP was willing to maintain the status quo. However, both DSVL and PPNA proved to be difficult partners, each in their own way, and both parties and their leaders were at loggerheads. Against this background, LSDP also initiated talks with the Farmers and the Greens (LVŽS), whose parliamentary faction consisted of six LVŽS members, two non-partisans who received parliamentary mandates through LVŽS's electoral list, and three MPs from Polish Electoral Action–Christian Union of Families.

To move forward, the LSDP negotiating team, consisting of Sinkevičius, Ruginienė, honorary party chair MEP Vytenis Povilas Andriukaitis, and all three LSDP Seimas speaker deputies – namely Olekas, Rasa Budbergytė and Orinta Leiputė – decided to organise consultations with territorial party divisions on which coalition partners to choose. That was a maverick move, given that ordinary party members or wider decision-making bodies, such as the party council, usually have a say when negotiations have concluded. However, it appears that Sinkevičius and his party colleagues on the negotiating team pre-emptively sought to share responsibility for the outcome of the process as widely as possible.

Based on these consultations, the LSDP council decided to form a coalition with PPNA and LVŽS and thus to discontinue cooperation with DSVL. That was the coalition format favoured by most LSDP territorial branches. In fact, as later revealed, no party branch supported staying with the existing coalition.

The decision was controversial. Even though the centre-left DSVL, belonging to the Greens/EFA group in the European Parliament, was the closest ideological partner for the Social Democrats, the latter chose to drop them and instead opted for a partnership with LVŽS and Polish Electoral Action, which belong to the socially conservative and »Eurosceptic« European Conservatives and Reformists (ECR) group. Some LVŽS MPs are also notorious for their anti-vaccine views and scepticism about support for Ukraine in its war against the Russian invaders. LSDP also decided to maintain the alliance with PPNA. Although its leader Žemaitaitis eventually toned down his provocative rhetoric and even cooperated in implementing unpopular reforms, such as the taxation package, his inherent unpredictability and populist nature remain significant risk factors for the

government's stability and image. In addition, LSDP authorities discounted the fact that the prosecutors had launched an investigation in July 2025 into allegations that PPNA had illegally financed its 2024 Seimas election campaign. Žemaitaitis himself still faces charges of incitement to hatred on ethnic grounds.

On the other hand, somewhat astonishingly, DSVL and in particular its leader, Seimas speaker Saulius Skvernelis, proved to be a more difficult coalition partner for LSDP in the everyday legislative process during the nine-month tenure of Paluckas government. Ordinary Social Democratic MPs, with their own networks and authority within their respective party territorial branches, were rather tired of the daily obstructionism by DSVL in parliamentary committees and other important decision-making forums. Moreover, the Social Democrats have become increasingly wary of Skvernelis' contacts within prosecutors and law enforcement. As a former general commissar of the police, Skvernelis allegedly maintained strong connections within the latter, and as Seimas speaker following the October 2024 parliamentary elections he was able to access the most sensitive information. In a nutshell, the Social Democrats feared that Skvernelis could have leveraged these administrative and informational resources to undermine their electoral prospects in 2028. In addition, DSVL's party credentials within the European Greens' family appeared rather shallow, as DSVL MPs hold a wide variety of convictions. Skvernelis himself is best described as a centrist-populist. By ejecting Skvernelis from the coalition, LSDP took over the Seimas' speakership. They delegated 69-year-old veteran MP Juozas Olekas to this position. It was both substantial compensation for the LSDP heavyweight's dashed hopes of heading the government and a significant milestone at the end of his political career since 1990.

LSDP's decision to renew its partnership with PPNA and to invite LVŽS and Polish representatives (instead of DSVL) to form the twentieth Lithuanian government led to a public outcry. On 26 August around 8,000 people marched from the President's Palace to the Seimas via Gediminas Avenue. All major opposition parties participated in this event, called »The Day of Shame« (Gėdos diena). However, the chief organiser of the event was Andrius Tapinas, a right-wing public activist, influencer and owner of Laisvės TV, the company that had revealed most of Paluckas' questionable activities and which, two years previously, had launched an investigation into local councillors' misappropriation of municipal funds. Sinkevičius and many promi-

ment figures across the political spectrum eventually fell victim to this campaign. While Tapinas had previously claimed to be »politically neutral«, by organising The Day of Shame together with the Conservatives and the Liberals, he was clearly taking sides in an increasingly polarised political scene in Lithuania.

With regard to its party programme, the new coalition is expected to stay on the track laid out by the Paluckas government. Although LVŽS put forward 41 – largely populist – points in the negotiations in an effort to influence the executive agenda (including abolition of tax reform, increases in social expenditure, and shelving of plans to introduce a civil partnership law to regulate same-sex unions), LSDP did not accept the most controversial ideas. Arguably, the major policy innovation emerging from the negotiations was proposed by PPNA. Žemaitaitis demanded that the state repurchase all 25 per cent of the shares in the state energy company Ignitis currently held by private owners. That might cost around €500 million. This proposal did not appear in the final text of the coalition treaty. It does, however, explicitly mention introducing a permanent tax on bank profits and freezing fuel duties while increasing levies on alcohol, tobacco and e-cigarettes (Jurčenkaitė 2025).

Following the signing of the coalition treaty, formation of the cabinet began. This process, which also included the President, was expected to be finalised at the beginning of September. In the end, it took until the early morning of 25 September, just before the Parliament, according to its Statute, had to vote on the government programme (Bakaitė 2025a). The process was extended when the President dismissed PPNA nominations for the Energy and Environment ministries. In particular, Nausėda was unhappy with the coalition partners' decision to give the Energy Ministry to PPNA, given its importance to national security.

After the President's intervention, however, the coalition partners were forced to renegotiate their accord. A compromise was reached at the very last moment of the legally restricted 30-day period, as PPNA gained the right to nominate a Minister for Culture, instead of Energy, and two deputy Ministers in ministries controlled by their partners. The news that PPNA would delegate the Minister for Culture was a huge shock to the artist community. A petition signed by more than 50,000 people was submitted, and another protest of around 1,000 people was held near the Presidential Palace on 25 September. Moreover, Nausėda, widely seen as bearing primary responsibility for this last-minute exchange of Ministers (Bakaitė 2025b), was cancelled as patron of the Scanorama cinema festival and the Vilnius book fair, and around a dozen resignations by artists serving in official bodies also followed (Gabriavičiūtė 2025). Some LSDP heavyweights were also unhappy with the outcome of this process, with Andriukaitis openly accusing Ruginienė of making decisions unilaterally and of succumbing unnecessarily to the President's wishes (Ignatavičius 2025).

Despite all the protests and delays, the twentieth government, under Ruginienė, finally started work on 25 September. Nine ministries (Defence; Education, Science and Sport; Energy; Finance; Foreign Affairs; Health Care; Interior; Transport; Social Affairs and Labour) were headed by the Social Democrats. PPNA took control of three ministries (Agriculture, Culture, and Environment), whereas LVŽS and LLRA-KŠS shared the Economy and Innovation Ministry and the Justice Ministry. Eight out of 14 Ministers from the Paluckas government were replaced. Such an overhaul was the result not only of the exit of DSVL and the entry of LVŽS and LLRA-KŠS, but also the PPNA's decision to replace all its Ministers. Meanwhile, LSDP replaced three Ministers, including the Finance Minister.

Importantly, non-partisan Žygimantas Vaičiūnas, although previously selected by the DSVL, remained the Energy Minister at the President's insistence. To placate disgruntled Social Democrats, Vaičiūnas promised to join the LSDP. However, his case epitomises the general trend: six LSDP Ministers are non-partisans or joined the party only recently, like the Prime Minister herself. Moreover, not only Vaičiūnas, but also non-partisan Foreign Affairs Minister Budrys and Defence Minister Šakalienė enjoyed a very close working relationship, if not patronage, with the Presidency. The prevalence of party novices and non-partisans within the Ruginienė cabinet, though not exceptional among Lithuanian governments, highlights the rather shallow and fragmented party governance. It may, in the longer run, impede effective coordination between Ministers and the party that delegated them.

The PPNA's choice of Culture Minister, Ignotas Adomavičius, previously commercial director of his family's pasta business, was particularly controversial. He had no experience in this area besides attending a music school and singing in a church choir. More importantly, he is a relative of Žemaitaitis and belonged to PPNA. It was another concession by the President, who in the past insisted that PPNA would delegate only non-partisan persons. Such a requirement, although constitutionally dubious, was raised during the formation of Paluckas government to alleviate the reputational damage to the country's image caused by the PPNA's inclusion in the government. After securing the Energy Ministry for his protege Vaičiūnas, however, Nausėda gave way and allowed PPNA to become a full partner in the ruling coalition.

Future projections and recommendations

At the moment of its inception, Ruginienė's government – with a female Prime Minister and five women Ministers – was the second most gender balanced cabinet after the 2020–2024 government headed by Ingrida Šimonytė of TS-LKD. In fact, Ruginienė is the first female Social Democrat Prime Minister in history. Her credentials as a long-standing trade union representative also provide a much-needed impetus for LSDP to make a fresh restart.

Numerous challenges lie ahead, however. To address the worsening external security situation, the government will have to be proactive in ensuring closer collaboration with its most important global and regional partners. At the same time, Lithuania must ensure it is fully prepared to preside over the EU Council in 2027. While the economic situation seems, so far, rather promising (GDP is predicted to grow by around 3 per cent over the next few years), fiscal pressures from rising military expenditure will increase significantly. They will be further exacerbated by an expected decrease in the EU structural support for Lithuania in the next EU financial framework. The effects of the comprehensive taxation reform are another major unknown.

Four major risk factors with regard to maintaining political unity during difficult times must be emphasised. First, an increase in party polarisation and instant animosity from the right-wing opposition towards the new government. Secondly, the unpredictability of the Social Democrats' populist partners and the lack of trust within the coalition itself. In particular, Žemaitaitis of PPNA might be less interested in stabilising the political situation than in keeping himself at the centre of attention. Thirdly, difficulties in coordinating between Ruginienė and other LSDP Ministers who are non-partisans or joined the party relatively recently and the rest of the LSDP establishment. Finally, the President, who has increasingly become an activist in the latest power struggles, makes the whole decision-making process and the implementation of the executive programme even more complicated.

Against this background, the Social Democrats currently find themselves in an unenviable crossfire. Although they are still the best supported party after the government and party leadership reshuffle, they cannot go on like this without making crucial choices in the foreseeable future. The first weeks of Ruginienė's government already demonstrated that significant adjustments were needed, as two newly appointed Ministers had to resign.

At first, after waves of civic protests and his own gaffes and missteps, Adomavičius, PPNA's Culture Minister, was toppled down. Moreover, after Žemaitaitis speculated on his Facebook account that one of the artists' protest leaders, Arūnas Gelūnas (Director of the National Museum of Art, and former Culture Minister) is Jewish by stealth, the next day (11 October 2025) the LSDP Council decided to take over the Culture Ministry from PPNA without giving the latter another ministry in exchange. Such an asymmetric response by LSDP to yet another Žemaitaitis provocation might cause the breakdown of the ruling coalition. At the time of writing, however, it is unclear whether the PPNA leader is indeed prepared to leave the coalition. If that happens, a minority LSDP and LVŽS government is the most probable scenario. While it may make the government even more unstable, it seems that LSDP is ready for it.

Later, the resignation of Defence Minister Dovilė Šakalienė of LSDP followed. It was provoked by breach of trust between the Minister and the Prime Minister during internal negotiations regarding the next year's budget. Ruginienė, along Sinkevičius, publicly blamed Šakalienė for organising an off-record meeting with several prominent defence experts and influencers just before the public delivery of draft state budget for 2026 by the government. While neither Minister nor her deputies directly took part in this meeting, the senior ministry officials told its participants that the Lithuanian government was on the way to breach international obligations by planning to spend less than 5% of GDP for the national defence. This information consequently was spread on social media by some of the attendees in the meeting. However, it eventually proved to be incorrect, as in the afterwards officially announced proposal for the next year budget 5.38% of GDP was allotted for the national defence. Šakalienė vowed that she did not know anything about the meeting. She also defended its convenors and their »patriotism« to take any actions necessary for making sure that the defence expenditure is adequate. Neither Ruginienė nor Sinkevičius took these explanations as genuine, which eventually led to the fall of Šakalienė.

These developments further complicate matters for the government which has just started to work. On the other hand, it may also show a growing willingness of the new LSDP leaders to take situation in their own hands by enforcing discipline both within the ruling coalition and the party itself.

Four general recommendations for a more proactive attitude in this regard follow from the analysis.

First, the Social Democrats need to reclaim the initiative to shape and steer public discourse from their populist partners and the right-wing opposition. To achieve this, they have to identify and pick the low-hanging fruit their government can deliver here and now, in line with their key electoral priorities, namely, taming the rise in living costs, ensuring national security, and laying the groundwork for sustainable growth in the future. Moreover, they have to be proactive by pursuing public discussion of more distant, socially progressive proposals, such as the four-day work-week, to win back public attention from rivals. In addition, they need to strengthen their communications to demonstrate that the new start also signals a stronger determination to address Lithuanian voters' most acute concerns.

Second, if LSDP is willing to retain PPNA in the coalition (to avoid a minority government), it needs to draw clear red lines to counteract Žemaitaitis' provocative rhetoric. That is easier said than done. Unlike other populist leaders with whom LSDP has cooperated in the past (such as Viktor Uspaskich of the Labour Party, Rolandas Paksas of Order and Justice and Ramūnas Karbauskis of LVŽS), regularly firing off inflammatory statements is arguably the central strategy by which Žemaitaitis tries to remain relevant in the political scene. To keep him on board, Ruginienė and Sinkevičius will be forced to adapt to the political style of their partner. However, they need to engage with him directly to ensure it does not hijack the government agenda. Moreover, LSDP MPs must be more proactive in networking with the other 18 PPNA parliamentarians. In the past, Žemaitaitis proved to be a poor leader by dividing rather than uniting the parties he headed (Gudžinskas 2025). Better and deeper contacts with other PPNA MPs might be particularly valuable if Žemaitaitis becomes increasingly restless. PPNA is a weakly institutionalised force and thus susceptible to splits.

Third, even if unwilling to do so, LSDP has to prepare for an eventual minority government. It should be stressed that in the past certain Lithuanian governments did not command a parliamentary majority either. The clearest example is Gediminas Kirkilas' government (2006–2008) in which the LSDP-led coalition was supported by the Conservatives in the Parliament. However, it is a risky choice, given that in Lithuanian parliamentary politics it is sometimes difficult to ensure voting discipline within the ruling coalition, let alone to implement agreements with the opposition. Nevertheless, in the current volatile situation, the Social Democrats would have more options for seeking additional parliamentary allies if they refrained from polarising rhetoric and remained open to dialogue with the opposition and civil society representatives. Renewal of national agreements on national security, education and other state priorities could serve as a platform for such efforts to find common ground.

Fourth, for LSDP's future, it is important not only to maintain an effective duo of Sinkevičius and Ruginienė, but also to ensure that newly joined Ministers are integrated into the organisation. There should be durable channels between LSDP representatives at the executive and legislative levels and party members on the ground to ensure knowledge transfer and exchange of ideas. For this purpose, the system of party committees should be strengthened and upgraded. Last but not least, the party must not waste this precious period in power on further development of its analytical capabilities and educational infrastructure.

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About the author

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Dancing with Swords

In this study we examine how the Social Democrats in Lithuania (LSDP) have performed during their first year back in power following the October 2024 parliamentary elections. We start with an overview of the electoral result and an examination of how LSDP managed to achieve the best result in its 128-year history despite the rise of populism elsewhere in Europe. We also discuss the key achievements of Gintautas Paluckas' short-lived government, as well as the reasons for his resignation. We then investigate the complex process of selecting a new Prime Minister and an executive overhaul. One of the peculiarities of LSDP is its proneness to cooperate with unorthodox or populist parties rather than with other mainstream forces. Against this background, we analyse the consequences of Social Democrat cooperation with the protest-populist "Dawn of Nemunas" party following the most recent election and conclude with projections and recommendations.

Further information on this topic can be found here:

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