

## IV. CONCLUSIONS AND RECOMMENDATIONS FOR STATE POLICY

### 1. General notes

1. **The study *Lithuanian Nation: Analysis of the Situation and Development Prospects*, analyses the development stage of Lithuania, political evaluation and strategic insight based on the issue principle instead of the sector principle.** By its nature, the study is diagnostic, where the diagnosis is provided of the Lithuanian intellectual potential: it discloses the lack of research in this field in Lithuania and the need to expand and develop this area. At the moment, the analysis of individual areas and aspects of activities cannot be very effective as it is formally limited, fragmented and fails to reflect the interaction of different environments and contexts, which at this particular stage of society's development plays a vital role in the indication of quality characteristics of the country's development.
2. **The Lithuanian situation was evaluated not only by analysing the current internal situation in the country, but also by taking into account general global development tendencies.** The study focuses on essential factors such as the influence of information and a knowledge society, change of economic and social model, impact of intercultural matrices, and transformation of qualifications and civic life.
3. **The study not only reveals weak links in the chain of Lithuanian development, but also explains the main reasons underlying them.** Identification of the key problems and their symptoms by applying contemporary analysis and evaluation approaches is one of the achievements of this complex study.
4. **The study of the situation of the nation is interpreted, in the broad sense, from the point of view of security, survival and national interests.** The study raises key questions, such as how Lithuania could retain its autonomy and further develop its identity creatively, how Lithuania can preserve and realise its cultural and political heritage and adapt the impact of global culture for its needs, and how Lithuania could manage to maintain its value potential and cherish the Lithuanian ethical code under

the changed conditions. In terms of security and national interests, socio-demographic tendencies and their qualitative characteristics play a vital role.

5. **In regard to the practical and applied approach, study results are purposefully oriented towards political decisions and the improvement of strategic processes.** Recommendations and proposals provided in each issue-oriented section allow the formulation of priorities for political decisions.
6. **The main study result is the formulated general premises and prospects of the potential growth of Lithuania.** In this respect, growth is construed as the capability to compete, not only in the traditional economic sense, but also by improving social relations, developing technologies, increasing the quality of employment and professional life, creating shared values, and enhancing the influence of civic society factors as well as modernising educative, scientific and cultural forms.
7. **The study also discloses the fact that a huge gap between humanitarian social studies discourse and public, political environment exists in today's Lithuania and that there is a lack of science interaction with public policy.** The study not only reveals the lack of studies necessary for the modelling, analysis and evaluation of society and the state, but also identifies the weakness and stagnation of entire cognitive areas, as well as a poor capacity for raising the questions important for contemporary society and addressing them effectively.
8. **The general conclusion of the study is that the understanding of the majority of urgent issues in Lithuania is outdated, while certain problems are not even properly identified and studied, but are instead masked beneath general reasoning.** In the absence of modern understanding and the resulting political approaches, the effectiveness of the country's strategic administration decreases and specific actions fail to comply with strategic plans. While there is no adequate understanding of the situation, the attempt to solve the problems by increasing financing cannot be effective without changes in structure. Today, the successful development of Lithuania relies not on funds, but on the efficiency of their appropriation. Meanwhile, the latter directly depends on modern qualification and a contemporary world-view.

## 2. Key Conclusions

- 1. Lithuania still does not have any formulated model of national strategic thinking and public administration.** At the level of political decision-making, there exists inadequate understanding of the necessity for changes in structure, while no actual and effective measures for are sought their implementation. The majority of issues are construed traditionally and in a fragmented manner. They are evaluated “internally” instead of planning the country’s development in the general context of global development. The public administration model is politically self-oriented, instead of being oriented towards the citizens or towards national strategic objectives.
- 2. Paradigmatic underdevelopment prevails in a number of vital areas of state function.** Among the major drawbacks hindering the development of the state remains the absence of a complex and interdisciplinary understanding of competitiveness, national security and national interests. The understanding of these values in the contemporary world has been radically changed and requires new realisation in terms of quality. The formal definition of strategic priorities or areas is not enough. New solutions and approaches must be proposed. The importance of implementation of the Lisbon Strategy by increasing Lithuanian and, at the same time, European global competitiveness has not so far been fully evaluated from the political and strategic points of view. Lisbon Strategy processes in Lithuania are based on the traditional criteria of industrial society instead of knowledge society and knowledge economy criteria.
- 3. Key strategic national instruments do not provide society and its citizens with any reliable landmarks of state development.** These documents identify “national welfare” with what is rather prerequisites or adequate conditions for the attainment of welfare from the point of view of an individualistic welfare concept: they specify only passive state functions that should not hinder citizens from creating their own welfare, but do not provide for any active measures that encourage such constructive, creative development. Strategic instruments inadequately address both measures intended to assure the country’s progress, and the issue of their compatibility. The declared development of social welfare in Lithuania requires much more clarification as to what the welfare state model is oriented towards and what measures

are used for this aim. The present welfare state regime in Lithuania is still “post-socialist”. Public discourse is dominated by the image of the “welfare state” conceived and presented to society by the government. This image caters to the illusions of the part of society which is post-communist, but quite fails to comply with the social and economic reality of Lithuania. Public welfare envisaged in the strategic instruments is weakly linked to the key conditions and components of general welfare, such as the assurance of civil and political freedom and rights, the development of an autonomous and pro-active civil society, and the gestation of quality social capital.

- 4. Techno-cultural underdevelopment issues are not effectively addressed.** Lithuanian public policy has not yet identified techno-cultural underdevelopment as a paradigmatic issue. Lithuania’s underdevelopment is described relying merely on the quantitative economic and social statistic data and avoiding open acknowledgement of qualitative (civilisation related) underdevelopment in Lithuania in comparison to the developed West. Knowledge society is understood in Lithuania only symbolically and, as yet, ideologically. There is a shortage of practical activity for its creation; of stressing public and economic significance in everyday and public administration activities. The support from structural funds allocated by Lithuania for the development of human resources in 2004-2006 is, by proportion, the lowest amongst the new EU member states. Lithuania is defined as an underdeveloped European state in the development of a knowledge economy. This data makes one doubt whether Lithuania, which has chosen the development of a knowledge society and a knowledge economy, as witnessed by its key strategic documents, does indeed adhere to this course. The confusion of terms, the absence of an accurate concept and the inconsistent use of terms reflect the narrow, instrumentalist and uncoordinated attitude of the public sector towards the development of a knowledge society. The key issues that impede the efforts of Lithuania in the development of a knowledge society are the following: there is a lack of clear vision and agreement on what the “information” and the “knowledge society” are; the legal and conceptual base of the knowledge society is not adequately updated; a more effective coordination of different programmes and actions is not assured; the problem of an electronic divide and its impact on the development of a knowledge society is inadequately addressed; degradation in the quality of the Lithuanian education and study system is ignored, while an inappropriate (quality-oriented) evaluation policy for education and studies is supported. A conflict between the

vision of a social welfare society (oriented towards passivity and consumption) and the necessity to develop a creative and competitive knowledge society (oriented towards creativity) emerges. Lithuanian innovation policy, the development of innovative strategies and an innovative environment are incompliant with contemporary needs. Statistical data shows both the considerable underdevelopment of Lithuania from the EU innovation rates, and the lack of an effective innovation promotion policy. Lithuanian innovation policy is neither coherent nor effective, while its significance is stressed too feebly. Despite growth, the level of general investment into scientific research and experimental development in Lithuania is still relatively low. The opportunities of the Lithuanian strategic competitive advantage are not identified; the public and politicians lack the understanding of a knowledge society and knowledge as the source of social values and competitiveness. Lithuania does not properly appreciate the significance of knowledge management and knowledge managers for the contemporary economy. In the meantime, the development of the national economy increasingly depends on the successful development and functioning of a national innovation system. The country lacks a better developed synergy of business, scientific research and education, which is a prerequisite for the conception of a national innovation system. Lithuanian innovation policy is deficient in its orientation towards the appropriation and introduction of the best global technologies, knowledge and experience. The national policy of scientific research, professional training and university education fails to adequately take it into account. In case this situation persists for five more years, the outcome will become irreversible: the existing potential of science will finally suffer disqualification; the leaking of human resources and the brain-drain will reach a maximum; extensive national growth will stop due to decreased competitiveness and social-economic maladjustment; aspirations to attain the average EU economic level will collapse. Lithuania may remain as a raw material, *low-tech* appendage. Its identity crisis may easily become possible as it will be dominated by a mix of Russian and cosmopolitan English-speaking cultures.

- 5. Despite economic development, the issues of social cohesion and sustainable development only keep worsening.** At the moment, the achievements of the Lithuanian economy only add to the differentiation in the standard of living, instead of reducing it. The key social issues hindering both the mitigation of public polarisation outcomes and the assurance of social stability, are the following: a weak middle class; the achievements of the

Lithuanian economy only exacerbate the differentiation of the standard of living; residents classified as belonging to the lowest and intermediary social-economic layer, whose standard of living is lower than the national average, constitute the majority of Lithuanian society (65 per cent); employment is insufficient and disproportionate; inadequate remunerations (a huge differentiation of remuneration of up to 20 times exists in the employment area); shortage of social dialogue; very uneven development and differing standard of living in individual Lithuanian cities and regions. One could say that the beginnings of the emerging issues of attracting direct foreign investment, and economic emigration, lie in a very disproportionate development of cities and regions. The rural policy implemented so far is inadequate: it fails to encourage the development of rural social capital, residents' entrepreneurship and economic activity. During recent years, economic growth in Lithuania has been concentrated in individual cities. In regard to direct foreign investment, even greater quality differentiation has formed between the cities and rural regions. The education level of the population of villages and small settlements, as well as social capital, are markedly lower than the Lithuanian average, while the absence of quality social capital makes innovation and even effective regional development impossible.

6. **Lithuania experiences a shortage of modern social policy based on contemporary measures and capable of responding to today's challenges.** For the current state authorities the assurance of social welfare by applying measures, which, in the opinion of policy-makers, are optimal in the present public situation in Lithuania, is the main objective. National social policy targets neither social investment nor long-term prevention of poverty and other social issues, but social support instead. Instead of educating the capabilities of citizens to seek welfare, the government encourages people to remain passive welfare consumers. There is a lack of social policy targeting the development and enhancement of the middle class. The government fails to use the full potential of educative measures of social welfare, and pays too little attention to the assurance of a start to successful living in families with social risks or for orphaned children. The absence of general consensus concerning the key policies of economic and social development prevents Lithuania from purposeful use of its economic and human resources.
7. **The long-term perspective of the development of Lithuanian economy is not guaranteed.** Lately, two powerful key drivers in terms of demand - internal credit development and export

growth - have been pushing economic growth. Nevertheless, the structure of the Lithuanian economy is being renewed too slowly: it is not modern enough and it calls for no major or more in-depth changes. Therefore, we can hardly expect that economic growth will be sustainable in the future. Lithuania has little to offer to the European and global markets in the service area, except for transportation and (limited) tourism services. Lithuania's underdevelopment in terms of labour capacity in comparison to other original EU member states, which is prevalent in nearly all production sectors and links, shows that the country is also lagging behind in areas of the latest technologies and the latest management knowledge. That constitutes the main reason for the substantially lower labour capacity (productivity) of Lithuania compared to other EU member states. As one might expect from a small and immature economy, the implementation of free market principles in Lithuania is imperfect. The market mechanism is noticeably distorted by inappropriate relations (corrupt practices) between individual business groups and the authorities; the failure to perceive their functions in regard to business on the part of certain governmental institutions and officers; red tape and the efforts of business enterprises to abuse the power they have attained in the market and to limit the free choice of others. In Lithuania, entrepreneurship is rather associated with risk or necessity than with personal realisation, freedom of initiative or newly discovered business opportunities. The market institutional system in Lithuania is still fragile and must be cherished and enhanced. The black economy, which is the form of partial "withdrawal" from the state, makes for a substantial market share (about 20 per cent in 2004), while the scope of trafficking keeps growing. Economically inactive residents constitute a high percentage of the overall population in Lithuania.

- 8. Economic policy lacks clear priorities of economic growth, clear-cut courses of outbreak and modern measures.** The national economic policy is too insular and too feebly associated with the development of a knowledge society, education, science, innovations and the development of quality social capital. The development of industry, which is either not coordinated or coordinated too ineffectively by the national policy measures, produces dire results that are not reflected in the traditional macroeconomic rates. Lithuania does not have any surplus foreign capital invested, however, there exist certain trends of capital concentration: almost the entire banking and insurance sector has been taken over by Northern and German capital, while Russian capital prevails in the energy sector (gas and heating

supply, production of electricity, refinement of oil products). The centre of gravity of the national identity reproduction, shifts from economic activities (economy) to political, social and cultural activities, thus increasing the significance of the latter activities by assuring the sustainability of a national state. Therefore, the extinction of the “national” economy should trigger the need to concentrate more on the political, social and cultural autonomy of the state.

- 9. The planning of the national budget and the allocation of EU structural funds do not correspond to national priorities.** The formulated system of strategic planning has failed to become the instrument of adequate national budget planning: no assessment criteria exist; every year the plans of the Government and the ministries are only transferred into the plans for the next year by simply revising one or a couple of measures, while the funds are increased disregarding the existing needs. The shortage of national fiscal discipline (huge and constant budget deficits and national debt) increase actual interest rates in the country, which reduces investment and economic growth, while recurrent crises predetermine an unstable growth trajectory. The interests of individual groups often contradict national interests. Political authorities formulating the taxation system fail to defend the national interest set forth in the long-term economic strategy, that is, to develop a competitive and knowledge-based economy. The first political reason that has predestined the current situation is the fact that the national taxation system is formulated by political authorities that rely too little on professional economists. The second reason is that the taxation system is too closely intertwined with the promotion of individual economic areas and social policy. The practical manifestation of this process is seen in the abundance of taxation exemptions, privileges and rates in Lithuania. The third fundamental reason for the poor financial situation in the country is the employment of a repressive principle in combating tax avoidance, instead of applying market mechanisms altering the behaviour of economic entities to the desired course. Lithuanian policy in the EU is fundamentally responsive: within its limitations, Lithuania is implementing the EU policy and disregarding its own objectives that would be non-compliant with the European ones. That does not suffice for overcoming Lithuania’s backwardness in regard to the original EU member states. Lithuania’s economic interest is to put efforts that the EU would reduce national regulation and mandatory standards, while the EU member states would adhere to fiscal discipline, reform general agricultural policy and implement reforms in education, healthcare and pension areas.



**10. Democratic order in Lithuania is not stable.** Passive political culture prevails in Lithuania.

The majority of Lithuanian citizens do not believe they can change anything and do not intend to engage proactively in public activities, even though they are dissatisfied with the policies implemented and the decisions made by the Government. Political mistrust in Lithuania has become systematic. The mistrust in the key institutions of democratic politics – the parties and the Parliament – is so consistent and severe that issues regarding the legitimacy of these institutions may arise. The current public administration model has consolidated the “predominance of the state over the individual”. It is not based on the trust of the citizenry and cooperation with it, therefore, the liaison between the citizens and the state is lost. Policy makers fail to appreciate active civil society as the prerequisite for both preserving the democratic state and building-up national welfare. The shake-ups of the political system that took place during recent years clearly speak about the need for the enhancement of democratic civil society. The key characteristic of civil society is the social ability to cooperate for the sake of shared interests. One of the key prerequisites of such cooperation is general trust in other citizens. Although with the increase of economic and political stability the level of general trust in the country has started to grow, it still remains relatively low. General trust must be encouraged since a shortage of it creates societies dominated by disappointment in fellow citizens and the government, fatalism, xenophobic attitudes, lower civil morality, corruption and a longing for a “steady hand”. Distrust in fellow citizens prevailing in society prevents residents from being well-organised, rallying civil activities, getting involved in voluntary associations and cooperating with state institutions in addressing national, regional or communal issues. The low levels of organisation manifested by the Lithuanian population witness the weakness of civil society and the democratic regime. Given such a level of organisation, it would be difficult to expect adequate assurance of the key interests of the Lithuanian state. Therefore, the encouragement of citizens to unite into organisations and the support to organised structures of citizens should constitute one of the objectives of the state policy. Civic organisations play an especially important role in the development of democracy because they bear the function of citizen socialisation and mediation between the citizenry and the political elite. According to the results of research, the percentage of the Lithuanian population engaged in public organisations and movements is low. The majority of residents are neither organised nor properly aware of any NGOs that

are active in the country. The commitment to democracy of persons engaged in public administration constitutes an insufficient guarantee of sustainability for a democratic regime. Public surveys reveal that a considerably high percentage of society approve the policy of “steady hand”, which raises a serious threat that undemocratic leaders, making efforts to manipulate masses that are disappointed and dissatisfied with the current political, economic and social situation, will make use of these attitudes in the elections.

**11. The Lithuanian government is incapable of assuring the autonomy of its information space.** The main reasons for the vulnerability of the Lithuanian information space are the following: low IT preparation and security level; the expansion of Russian information culture into the public space of Lithuania; and poor resistance of society to the manipulation of information. In terms of information, Lithuanian society remains vulnerable and exposed to information attacks from other countries. The conditional passivity of Western information policy in Lithuania, adhering to the principle of a hands-off policy in regard to the information space of a friendly country, is made use of by Russian information streams. The information influence of Russia is intensifying in Lithuania. The language situation in Lithuania is particularly instrumental in the enhancement of Eastern influence. Attitudes of information isolation are also gaining power in Lithuania: Lithuanian mass media obviously fails to provide international information in regard to both news and analysis. The issues of public life such as the lack of public spirit, devaluation of patriotism, inability to perceive European identity, non-critical evaluation of mass media and exaggerated trust in mass media increase manipulation opportunities and exacerbate all information conflicts. Artificial emphasis and the exclusion of certain issues from the context in information conflicts, build-up and instil distorted images into the minds of people as well as narrowing and diminishing the space of public life. The formation of the shared information space of the European Union also remains at issue. Lithuania lacks an effective information policy.

**12. Commercialisation of mass media and its corrupt business liaisons threatens Lithuanian public space.** The majority of Lithuanian mass media is so far incapable of carrying out their inherent social functions. Despite that, mass media has a major influence on the development of national identity and the values of Lithuanian society. Issues related to mass media could be conditionally classified into the following groups: mass media catering for low-minded taste, its turning into popular press, hidden commercial and political advertising and the issue

of information quality. Commercialisation is considered to constitute the major problem of contemporary Lithuanian mass media. Bearing in mind that Lithuania is a small state, the threat caused by commercialisation is further increased by the concentration of mass media in the hands of very few business groups. In their turn, a considerable percentage of the Lithuanian population cannot and are not able to use critically the possibilities of receiving news provided by information technologies.

**13. The national identity is currently undergoing a crisis.** Consolidated national identity bears a significant impact on social and political public life. It is a vital prerequisite for the development of civil society and the autonomous life of the nation. Yet, Lithuanians have not yet become a politically-minded nation. The historical heritage of Lithuania has significantly influenced the resistant character of the Lithuanian identity, which continues to dominate Lithuanian political discourse. This identity is based on the logic of survival and resistance to the prevailing state institutions. One of the key reasons for the long-term alienation of the state and the citizenry, surviving even after the restoration of statehood, is the predominant mistrust of Lithuanian political authorities that is prevalent in society. Political mistrust results in the development of an apolitical national identity. The government, its institutions, political civil rights, freedoms and duties are still alien to Lithuanians. Lithuanian society is dominated by an archaic ethnic (instead of political) identity disassociated from both the reality and challenges of the modern world. National identity is seen as a static, inborn and inherited phenomenon instead of one continuously created by the efforts of consciousness. Like in the times of Soviet occupation, Lithuanian citizens are likely to identify themselves only with language, customs and history instead of the state, civil rights and freedoms. Prevailing ethnic identity manifests itself in the mistrust of public authorities and passive political culture. The current situation, where the Lithuanian identity is still associated with apolitical ethnicity instead of civil thinking, democratic values and a free political community is faulty and threatening. Due to its ethnic character, the Lithuanian identity does not help society in realising the objectives that are inherent to a modern national state, including the principal objective, which is the enhancement of the values of both civil society and the democratic state. The current educational, scientific, cultural and information policy of Lithuania does not adequately address the education of the modern identity of the nation.

- 14. The cultural policy must be fundamentally updated.** At the moment, the national cultural policy is inert and incapable of responding to the challenges that a contemporary nation faces. It is too insulated, too feebly oriented towards society and lacking closer interdependence with educational, information, social and economic policy. It does not attempt to shape mass culture and the general information space more seriously. At the moment, it is incapable of effectively contributing to the consolidation of civic foundation based on values, education of the national identity and protection of the autonomy of the national information space.
- 15. The education system calls for new changes in respect to quality.** The government underestimates education as a technique and instrument for shaping modern society. The system of education, studies and training requires quality-based revision, close interrelation with business and national policy, as well as modern administration. The implementation of the National Policies for Education, adopted by the Parliament, are too slow: integral education space, assuring life-long learning and covering all forms of learning, is being developed too leisurely, the education content is reviewed and the accessibility of educational services is developed too slackly in response to the needs of a creative society. Lately, the issues of education and studies are getting worse; the key elements of the issue lie in the disproportionate growth in the number of students in university institutions, low selection criteria for student enrolment and devaluation of high education value. Increased funding would not solve the problems of education and studies since the funds allocated today are appropriated ineffectively, the quality of studies is low, the offer of specializations fails to correspond to the demands of the market, the universities have been abandoned by the spirit of innovation and the system of high schools has become insular, as it neither seeks any methods of cooperation with business, nor feels any responsibility in respect to society. The promotion of alternative means of education (such as vocational schools and colleges) is inadequate. New forms of learning, in terms of quality and targeting contemporary life-long learning, are needed instead of a mere upgrade in qualifications. The content of general education, vocational training and studies is too weakly associated with the social, economic and political reality of Lithuania
- 16. Corruption and organised crime have become especially urgent problems in Lithuania, the effective addressing of which lacks political will and the capacities of law enforcement.** International research shows that the level of corruption in Lithuania, unlike in

neighbouring countries, has not abated. The government has not envisaged any effective system-based measures for addressing this issue. Political corruption raises a serious threat to national security and the national welfare of the country. The political elite is paralysed by corruption in the majority of cases. Lithuania lacks an effective and modern policy for crime prevention.

- 17. Uncontrolled migration threatens state competitiveness, its innovation potential, already weak social capital and political organisation.** Lately, the qualitative character of migration has been changing in an unfavourable direction for Lithuania and gaining higher scopes. One of the aspects raising the most concerns is the brain drain, i.e. the loss of a highly-skilled labour force and the resulting decline in national economic, innovation and competitive potential. The brain drain is especially encouraged by the flaws in the Lithuanian education and study systems and ingrained structural problems. Relatively low salaries in Lithuania cause a high-scale loss of employees (esp. medical personnel) in the public sector, which is employing highly-skilled specialists, and high-scope emigration. The taxation system that exists today blocks both re-emigration, and the efficient appropriation of “migration funds”.
- 18. The demographic balance in Lithuania has been disrupted, while there are no signs that it could be easily restored.** The government must urgently change its attitude towards the significance of demographic processes and take to a strategy-based demographic policy, capable of ensuring the survival of the nation and of integrating the measures of healthcare and social security, education, culture, information, etc.

### **3. Key Recommendations**

**1. Provincial, insular Lithuanian policy lacking strategic orientation must, from now on, be based on the analysis of globalisation and Europeanization processes** by stressing Lithuanian interests in these discourses.

**2. Existing strategic national documents must be critically reviewed and the envisaged welfare state development vision should be revised, taking into account the challenges of globalisation and Europeanization.** New aspects as well as a clearer and more comprehensive description of specific political measures should be added to these documents. Today Lithuania should align with a dynamic and effective social welfare state or with creating a state capable of satisfying the operation needs of private business entities, providing long-term social investment, and educating its citizenry's skills in achieving welfare instead of being passive consumers of it. A key factor in developing such a social welfare state is an active civil society capable of creating its own and the state's welfare. National strategic documents should envisage specific measures for the development of civil society, the assurance of civil rights and freedoms, and gestation of social capital.

**3. To overcome political alienation and the resulting threats to democratic regime, a radical change of relations between the government and society is needed.** To this end, effective standards of public conduct and activities must be determined, democratic order must be consistently implemented by involving citizens and their organisations in policy making and enforcement and by ensuring comprehensive information to citizens, transparency, accountability and a high morality of state institutions.

**4. In order to ensure the competitiveness of the Lithuanian state, technological progress and the creative potential of the nation, economic development based on a knowledge society and knowledge must become an actually viable priority of national development.**

**5. Education must be granted the status of a viable measure of society and state modernisation as well as national development.** Special attention must be focused on the enhancement of educational content and the interaction of Lithuanian social, economic and political reality. The content of children's, youth and adult education must be fundamentally updated, the insular education structure must be transformed, while an integral and open national education space, covering a variety of education forms, must be developed. Only the existence of strong interrelation

with public space will enable education to give the citizenry the capacity to address recurrent issues, changing and improving Lithuanian reality. The state should expand modern forms of adult education, and assist people in mastering new education approaches (mass media, public space, workplaces and local communities). An adequate quality of life-long and distance learning must be ensured, while the education system must be consistently reformed and based on the concept of life-long learning. The higher education system must also be reformed considering both an improvement in the quality of the results of studies and research, and the formation of higher education prestige. It is vitally important to encourage the mutual cooperation of science, education and business, and to develop areas of shared interaction for the initiation of innovations. The implementation of the provisions of the National Policies for Education, adopted by the Parliament, must also be consistently implemented.

**6. National social and economic policies must be transformed to overcome their insularity, their priorities and complementing them with modern measures must be clearly defined.** Social and economic policies of Lithuania must more precisely target the development of a dynamic and efficient welfare state, providing social investment and training the capacities of the citizenry to attain welfare. Lithuanian politicians should make it their objective to discover the link between a liberal and a social-democratic attitude towards the further development of the state, and to choose and start implementing a flexible and dynamic model of the welfare state, or the creation of a state based on social investment. National social policy should be much more consistently oriented towards the provision of long-term investment. Assistance to people in overcoming the “poverty trap” is of utmost importance. To this end, entrepreneurship capacities must be improved and quality education services must be made accessible for all classes of the population. Social policy should target not only the lowest and marginal, but also the middle class of society. Expansion and enhancement of the middle class should become one of the strategic objectives of social and economic policies. Rational state policy also calls for both continuous social and economic changes in the structure of society,

and monitoring of the dynamics in the economic inequality of the population.

**7. Among the most complicated objectives to be solved by the Lithuanian government is the assurance of sustainable development.**

The intense development of the economy, which is either not coordinated or coordinated too feebly by the government, produces dire results. In targeting the implementation of a sustainable development model, the Lithuanian government must ensure a few fundamental preconditions. (1) The general trust of society as a prerequisite for sustainable development must be enhanced. To this end, the right of citizens to receive correct, comprehensive and detailed information on the current situation in the country and discussed or adopted political decisions, based on clear-cut arguments that are understandable to society, must be ensured. (2) State policy must lay firmer stress on the necessity to coordinate personal and communal objectives, and promote the idea of public and general welfare. Attempts to realise their own objectives disregarding public needs results in low level of general trust. This phenomenon is characteristic of disintegrated societies, including post-totalitarian societies. The higher the level of trust that society has, the more likely people are to coordinate their objectives with the general objectives of society. (3) Consistent information, educational and social policies are required in order to divert society from the accumulation paradigm, to sustainable development as the underlying aim of society. (4) The differences in development among Lithuanian regions must be analysed and the results used to develop different environments that are favourable for the introduction of the necessary innovations. The state must fundamentally revise the objectives, priorities and measures of rural policy to attain more sustainable regional development. Special attention should be concentrated on the education of regional residents, the promotion of their communication and the enhancement of communities. (5) Social policy should particularly address the issues of children brought up in families with social risk or of orphaned children, and assure them a successful start in life .

**8. The appropriation of funds from the national budget and EU structural funds should actually comply with the development priorities and directions of**



**radical change determined by the government, i.e.: knowledge society, competitive economy based on knowledge, and implementation of the Lisbon Strategy instead of traditional rates of economic development.** The government should carry out continuous assessment of the social and economic structure of society and monitoring of different social and economic rates. National revenue should ensure a cyclically balanced budget, long-term economic growth, adequate social support and adequate funding of integration processes and internal reforms. The state economic policy should overcome the pressure exerted by interest groups and the resulting distortions. The Lithuanian economic system is permanently under the threat of market mechanism contraventions. Therefore, the political system must prevent the abuse of gained market power, seek to ensure a balance among the market shares of market players and uphold and protect competition in the market. Reforms of the existing taxation system must be continued with special regard to the reduction of the percentage of taxes now paid by individuals. The government should say no to both unsuccessful experiments in the taxation area and the policy of distributing taxation exemptions. The state would be best suited by the modern Western taxation system, called “middle-of-the-road”, which consists of a gradual increase in the share of funds distributed by the state, and exploitation of general economic growth without taxes preventing increases in the earnings of individuals. The Lithuanian state needs an autonomous and critical relation with the general EU economic policy and active involvement in its formulation. Lithuanian policy should be based on the realised fact that national economic interests cannot always coincide with the policy implemented by the EU. Lithuania’s economic interest should promote efforts making the EU reduce national regulation and mandatory standards, while the EU member states would adhere to fiscal discipline, reform general agricultural policy and implement reforms in education, healthcare and pension areas.

**9. The public administration model needs to be fundamentally reformed by increasing its flexibility, effectiveness, informativeness and openness to the public. Modern public administration should become a key precondition without which essential changes in the implementation of national development**

**strategies and assurance of the national interests of Lithuania cannot take place.** Society must be continuously and comprehensively informed about new challenges and threats. Interdepartmental coordination must also be enhanced by the effective employment of opportunities for public decision and approbation, provided by e-government and e-democracy.

**10. The significance of entrepreneurship and innovativeness for the social and economic development of Lithuania must be acknowledged and supported at the national level. Knowledge economy must be singled out as a priority area in respect to other areas.** The significance of knowledge management and knowledge managers for the contemporary economy must also be stressed. Furthermore, the increase of investment into scientific research and experimental development must be assured, while the sharing of technologies by scientific and business communities must be promoted. The development of the national economy increasingly depends on the successful development and functioning of a national innovation system. Only a faster increase of labour capacity in respect to partner countries may compensate the growing production labour costs. Appropriation and introduction of global cutting-edge technologies, knowledge and experience, conducted with the application of knowledge management methods, must become the fundamental objectives of innovation policy. The policies of both Lithuanian scientific research and experimental development, as well as vocational training and studies, should also be oriented towards these goals. The key issue of the existing scientific research and experimental development policy lies in the fact that all efforts are focused on the contribution of Lithuania to global science instead of the introduction of global science achievements into the industry of our country. A single general strategic document on the development of the information and knowledge society of the Republic of Lithuania should be drafted, while the competencies and functions of various institutions involved in the development of the Lithuanian information and knowledge society should be revised and an effective system for the coordination of the development of such a knowledge society should be created.

**11. Political focus should be transferred from central government to the**

**enhancement of local government and sociality. Practical local government must be developed and the principle of subsidiarity must be consistently introduced.**

**12. Purposeful education of social capital, as well as the fostering of society's mutual trust and organisational skills, constitutes an urgent and pressing objective for state policy.** Adequate appreciation of the significance of general trust, quality human capital and public organisational skills in the effort to ensure the national interests of the country, must be in place in the formulation and implementation of state policy. Public policy makers should appreciate general trust as being a key factor in the development of a democratic state, civil society and national welfare. General trust “from above” should be promoted by enhancing the efficiency of those institutions that control the activities of people and mitigate the risk of trust. Effective operation of law enforcement institutions and the residents’ trust in these institutions are of utmost importance in this respect. The build-up of general trust would also be facilitated by more effective assurance of human rights and freedoms, transparent functioning of authorities based on higher moral standards, and the curbing of political corruption. General trust “from below” could be considerably enhanced by both the education system of formal and informal learning and mass media, which should be more active and consistent in asserting the values of truth, solidarity, honesty and loyalty to a democratic state and nation. The civil dimension of general education, vocational training and university studies should be emphasised, formal education should be complemented with the training of practical skills in civil action and cooperation, and civic education should be closely linked to the social and political reality of Lithuania. A modern system of political and civic adult education must be developed and expanded in Lithuania. In the meantime, public policy makers should acknowledge the weak organisational potential of Lithuanian society as a serious national challenge. A fundamental change in relations between the government and civic organisations is needed. To this end, the publicity of authorities’ performance and the involvement of the public into the process of political decision making should be ensured. The implementation of e-government and e-democracy projects should be accelerated necessarily. State

support to youth and civic organisations must be increased and consistently provided, while the development of these organisations and the enhancement of their civil influence should be promoted. In consistent compliance with the principle of subsidiarity, practical civil government must be introduced in the Lithuanian regions. Supported local communal organisations might become a reliable backbone of civil society. The partnership of civic-oriented business and civic organisations must be promoted both at the local level (regionally) and at the national level.

**13. The state needs an effective information policy, which is capable of securing the autonomy of Lithuanian information space and resisting threatening information attacks from other countries.** Effective coordination of public authorities and the close cooperation of the government, mass media and civic organisations are necessary for the implementation of this policy. The institutions regulating national information policy should be more determined in the assessment of the Russian attempts to intervene into Lithuanian information space. Russian information attacks must be seriously analysed since the activities of individual Lithuanian institutions do not constitute any serious contraposition for Russian actions. The aggressive Russian information policy makes impact on the image of Lithuania in the world. In order to neutralise these attacks, it would be purposeful to consistently apply the comparisons of Communism and Nazism where possible. Informative cooperation with EU member states must be intensified by exerting active efforts to involve EU information and mass media actors into Lithuanian information space. Only active involvement in cooperation programmes with the West and the conception of our own initiatives can constitute any practical method of at least partially resisting information pressure coming from Russia. Lithuania would be condemned to remain a “grey zone” between the East and the West if it failed to take to an active and autonomous information policy.

**14. Mass media must be strengthened to serve as a civic forum of society, as a crucial measure of the consolidation of democracy, civic representation and involvement, the development of social capital and civil development. Transparency of mass media activities and their ownership must be heightened,**

**while legal measures should be in place to prevent the building of mass media monopolies.** With the increase in state revenue, the quantity and weight of programmes supported by the Media Support Foundation should also grow markedly. Through the Media Support Foundation, the government should enhance the pluralism of mass media and support civic mass media. The issue of political advertising must be clearly regulated. Broadcasters should be subject to the requirements of both the Law on Advertising and the European Convention on Trans-frontier Television that was ratified in 2000. The decisions of mass media self-regulation institutions should be mandatory instead of just having a recommended character. The Laws should define the status of a professional journalist and restore the requirement of the Law on the Provision of Information to the Public, obliging the owners (interest holders) of mass media entities to conclude written agreements concerning the assurance of rights and the protection of the freedom of journalists in the editorial office.

**15. The government must take to effective systematic measures for the reduction of corruption and organised crime.** Strong political will and effectual law enforcement institutions loyal to the democratic Lithuanian state and nation are necessary for this aim. Lithuania also needs an effective and modern crime prevention policy.

**16. The state needs a long-term, complex, demographic strategy and a purposeful migration policy oriented towards the survival of the Lithuanian nation.** All parts of population (demographic) policy, such as family policy, migration policy and healthcare policy, must be immediately modernised, while the compliance of practical actions and conceptual and strategic models in this area should be sought. Qualitative studies of demographic development should be conducted and their results used for the formulation of priority national courses covering the reforms of social welfare and healthcare.

**17. Specific strategies, and cultural, educational and informative programmes for the preservation of Lithuanian identity and its shaping under the conditions of Europeanization and globalisation, should be developed and implemented. At**

this moment, national policy should target not so much the preservation of a national identity ingrained in the ethnic community (ethnos) but the build-up of a political national identity based on civic values. Today, Lithuania needs broad public discussion on the concept of national identity, development of identity and its preservation objectives under the conditions of Europeanization and globalisation. The state must have a strategy for the consolidation of national identity and the policy to realise this strategy. To this end, the existing policies of culture, education, science and information must be modernised and directly linked to the objectives of national identity development. Especially important is the updating and fundamental strengthening of the national policy of culture so that it could effectively contribute to the education of society's self-perception, the development of national identity and the consolidation of a value-related base. The development of humanities and the realisation and promotion of research in this field should receive more attention. National policies of culture, science, education and information must assist society in both facing the challenges of Europeanization and globalisation threatening national identity, and matching Lithuanian and European identities. For this purpose it is vitally important to stress the Western and European roots of the Lithuanian identity. In the development of a contemporary Lithuanian identity, not only Lithuanians residing in Lithuania, but also Lithuanians living worldwide, should be taken into account. The development of the contemporary Lithuanian identity should be associated with the education of the global Lithuanian's self-perception.

**18. Lithuania must modernise and fundamentally enhance its cultural policy so that in the current situation it could be capable of consolidating the value base of the nation, and effectively contributing to both assurance of the autonomy of the national information space, and the education of a contemporary national identity.** The national policy of culture must turn to popular culture, mass media, and take up modern informative and educative measures. The state should use available educative, informative and fiscal leverages to adjust language misbalance, to divert the language and cultural orientation of the population towards the West, to educate the knowledge and usage of European languages and Western culture and to reduce the impact of the Russian information sphere. The national broadcaster could

play a vital role in this respect. The development of humanities and the promotion of their research should also receive more focus.

**19. Institutional powers and the measures of strategic administration that are available to the Parliament and the Government should be strengthened.** It would be important to form a Committee on the Lithuanian Future in the Parliament and strengthen the Strategic Committee of the Government so that it could be capable of implementing an integral national policy.

**20. The Parliament is recommended to establish a Lithuanian Information Institute, having national status, in order to convey needs and priorities that are new in their quality, practically and effectively and to ensure the successful development of the state and society in the modern world. The Institute would conduct a continuous analysis of the contemporary challenges faced by Lithuania, perform an informative provision of parliamentary and executive authorities and society, and contribute to the formulation of strategic solutions and the evaluation of their implementation.**

#### **4. Annex to Recommendation No.20**

##### **The Proposal to Found a Lithuanian Information Institute**

**The study revealed that Lithuanian society, politicians and the civil service could not adequately respond to the challenges of globalisation and Europeanization.** The challenges are not adequately considered and there exists a shortage of timely and sufficient political measures for responding to them. Such a situation was caused by a shortage of both information and the provision of political decisions. Politicians are prevented from seeking their objectives by the absence of an intermediary link that would, on the one hand, respond to challenges in the European and global contexts and provide the politicians with recommendations, while, on the other hand, socially enact those political decisions and provide aid in the maintenance of dialogue with society and the mass media. The traditional response to such challenges is the development of departmental apparatus by adding sectoral institutions (new ministries or departments), which fails to address the issues of strategic administration under global conditions. Therefore, politicians, civil servants, experts and

society are deprived of the comprehensive information that is necessary for modern administration and public policy.

**The study implies the conclusion that this situation calls for a specific institution that could compensate these defects and would be instrumental in modernising social capital and mindset, civilising public and political space and providing informational capacities.** That is an institution that would enable the consideration of changing global and European conditions, and conduct interdepartmental, complex and integral research, corresponding to the logic and key areas of concern of a knowledge society.

**Proposed name:** Information Institute

**Status:** National, independent, legally regulated by Parliament, managed by the Council.

**Vision:** a globally competitive state developed by a learning society.

**Objective:** preparation of Lithuanian strategic modernisation, structural reforms and global competitiveness in-line with the Lisbon strategy and the laws of knowledge society.

**Purpose:** continuous analysis of challenges, timely and adequate assurance of political priorities, quality improvement of political decisions, and modernisation of social capital.

**Principle of Activities:** The Institute should focus on interdisciplinary issues as the driving factors of a knowledge society.

**Areas of Concern to be Researched:**

1. Information flows (impact of mass media and the Internet, cultural and political influence)
2. International informational competition
3. The change of international context: globalisation and Europeanization
4. Knowledge development, promotion and consumption
5. Quality of education, science, teaching and qualification
6. Development of social capital
7. Innovation policy and technological progress
8. Restructuring and modernisation of economic activities
9. Management of state image
10. Modernisation of administration and e-government; development of democracy

**Functions:**



1. Collection, analysis and processing of scientific, political and public information
2. Scientific research, projects and analytical studies
3. Monitoring and analysis of global and European development
4. Synergy and coordination of strategic planning and analytical activities
5. Identification of contemporary standards and requirements of political and public activities; monitoring of their introduction
6. Identification of the priorities of political decisions and political recommendations
7. Improvement in the competencies of politicians and civil servants
8. Providing information to the public; consulting and public relations
9. Cooperation with national, local government and civic institutions
10. Partnerships and cooperation with scientific and public institutes.