

# Latvia

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<i>Capital:</i>	Riga
<i>Population:</i>	2.3 million
<i>GDP/capita:</i>	US\$13,595
<i>Ethnic Groups:</i>	Latvian (57.7%), Russian (29.6%), Belarusian (4.1%), Ukrainian (2.7%), Polish (2.5%), Lithuanian (1.4%), other (2%)

*The economic and social data on this page were taken from the following sources:*

**GDP/capita, Population:** *Transition Report 2006: Finance in Transition* (London, UK: European Bank for Reconstruction and Development, 2006).

**Ethnic Groups:** *CIA World Fact Book 2007* (Washington, D.C.: Central Intelligence Agency, 2007).

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## Nations in Transit Ratings and Averaged Scores

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	1999	2001	2002	2003	2004	2005	2006	2007
Electoral Process	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00
Civil Society	2.25	2.00	2.00	2.00	2.00	1.75	1.75	1.75
Independent Media	1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50
Governance*	2.50	2.25	2.25	2.25	2.25	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	2.25	2.00	2.00
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	2.50	2.50	2.50
Judicial Framework and Independence	2.00	2.00	2.00	2.25	2.00	1.75	1.75	1.75
Corruption	3.50	3.50	3.75	3.50	3.50	3.50	3.25	3.00
Democracy Score	2.29	2.21	2.25	2.25	2.17	2.14	2.07	2.07

\* With the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author of this report. The opinion expressed in this report are those of the author. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

## EXECUTIVE SUMMARY

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Latvia's road to a fuller democracy, a functioning market economy, and an improved civil society has been made much easier by the country's historical exposure to two decades of independence, which most former Soviet states (other than Estonia and Lithuania) did not experience. Nevertheless, Latvia's institutions of democracy are suffering a crisis of legitimacy and trust. In July 2006, Eurobarometer polls of the Latvian public revealed distrust levels of 85 percent for political parties, 71 percent for the Parliament, and 68 percent for the government.<sup>1</sup> Voter participation in the October 2006 national elections dropped to 62 percent from a formerly traditional 71 percent. Latvia also has one of the highest percentages of Euro-skeptics, and about 20 percent of the population considers leaving the country in the next two years.<sup>2</sup>

Eurobarometer polls have shown an increase in the proportion of those satisfied with life in Latvia, from 55 percent in 2004 to 72 percent in November–December 2006. At the same time, the European Union (EU) average is 87 percent.<sup>3</sup> In spite of the current 11.9 percent rate of economic growth and the 22 percent increase in average salaries, there are strong undercurrents of discontent most pronounced among those over 45 and those less educated.<sup>4</sup>

There are, however, many positive signs of democratic consolidation. Increasing awareness of the value of nongovernmental organizations (NGOs) as well as Internet access to all types of government information have slowly built a sense of democracy and a more informed electorate. The highly competitive Latvian mass media are proving to be reliable sources of information and watchdogs against governmental abuses of power, and Latvia's political system functions well despite a perpetual series of coalition governments. The continued hold on the government mandate by the same party coalition with the same premier after the October 2006 national elections reflects a new national maturity and period of political stability. At the same time, this political consolidation has diminished sensitivity to legitimate demands of the presidency and of other state institutions and enhanced an executive-driven agenda unresponsive to opposition party initiatives.

**National Democratic Governance.** There is broad consensus on most areas of policy among the main governmental parties, which can be best categorized as center-right. The new four-party coalition following the October 2006 elections has a solid majority of 59 deputies in the 100-member Parliament. In quick fashion, all four parties were able to agree on common policy priorities, although such solidarity may be tested by the reality of pressing events, diverging interests, and differing solutions to emerging problems. This solidarity, however, has at times verged on governmental arrogance and insensitivity. On May 1, 2004, Latvia became a

member of the EU and can participate with other democratic regimes in setting common parameters and standards. Many EU laws apply to Latvia. The republic is receiving substantial aid from the EU, which is helping to raise the government's responsiveness and efficiency in delivering public services. *Latvia's national democratic governance rating remains at 2.00.*

**Electoral Process.** Latvia is a parliamentary democracy, with elections to the 100-member Parliament held every four years. The most recent parliamentary elections took place in October 2006 and were considered by the Organization for Security and Cooperation in Europe (OSCE) to have been "administered transparently and professionally in a competitive and pluralistic environment." However, major distortions in electoral spending were introduced by third-party advertising. A few political parties circumvented spending limits by large sums, giving them a considerable advantage over parties that followed the limit. These cases were reviewed by court, which concluded they would be liable for overspending. Voter turnout over the past four years declined from 71 percent to 62 percent. *Although the illegal campaign spending practices of a few parties were self-corrected during the year, no laws have been passed with respect to third party spending. Latvia's rating for electoral process worsens slightly from 1.75 to 2.00.*

**Civil Society.** The formation of interest groups in Latvia is still a work in progress, with limited but growing popular resonance. NGO activity is in a state of flux largely because of the loss of financing from foreign donors. NGOs, however, are now more widely accepted by the Parliament and the government and in 2006 had access to state "seed money" in order to obtain larger support from EU funds. A dozen NGO centers provide technical assistance, information, and consultative services to local groups. *Latvia's rating for civil society remains at 1.75.*

**Independent Media.** Latvian mass media have remained diverse, competitive, and buoyant. Total foreign media control remains a possibility, especially with a shift in ownership shares of the oil conglomerate Ventspils Nafta, a major player in Latvian media. While the media serve two distinct linguistic communities, Latvian and Russophone, there is some overlap of audiences, especially in broadcasting. Many people also have access to EU-country television programs. *Latvia's rating for independent media remains at 1.50.*

**Local Democratic Governance.** Latvia is in a quandary with respect to local governments. There are over 500 small units, but people are reluctant to amalgamate into larger, purportedly more efficient units and lose the personal intimacy of established local relationships. Local governments traditionally receive better ratings and are more trusted than national structures, but there is a growing gap between the broad array of responsibilities of local governments and their limited financial and human resources. As well, there is a wide gulf between the wealthier and less advantaged municipalities, leading to geographic inequality in services. Current

reforms envisage consolidation into about 167 new territorial units. *Latvia's rating for local democratic governance remains at 2.50.*

**Judicial Framework and Independence.** The status, pay, and number of judges in Latvia have continued to increase in the last few years. Slow but steady progress is also being made in dealing with the large backlog of cases. Modernization of the court system is progressing rapidly, yet trust ratings for the court system remain low. In 2006, several high-level judges were charged with bribery, increasing the desire in the judiciary for more active “self-purification” of their ranks. *Latvia's rating for judicial framework and independence remains at 1.75.*

**Corruption.** While all signs indicate relatively limited corruption in middle and lower levels of the administration, there are ongoing rumors of backroom deals involving top state administrators, politicians, and oligarchs. These rumors were reinforced in 2006 by the publication of secret phone conversations of the attempted bribery of a city deputy in Jurmala by Latvia's leading oligarchs. This watershed event became known as “Jurmageita” (Jurmagate). Latvia's anticorruption organization, the Corruption Prevention and Combating Bureau (KNAB), is becoming more sophisticated and has accelerated its investigations of “big fish.” The KNAB has become one of the most trusted organizations in Latvia, and people are increasingly willing to inform officials about observed corrupt activities. Charges of corruption against one of Latvia's most powerful oligarchs and mayor of Ventspils, Aivars Lembergs, sent a strong signal that corruption is no longer a risk-free activity. *Owing to the continued activities of the KNAB, the more positive perceptions of the business community, and the change in popular attitudes about the harm of corruption, Latvia's rating for corruption improves from 3.25 to 3.00.*

**Outlook for 2007.** In 2007, Latvia will continue to consolidate its position in the EU and NATO. The four-party coalition will attempt to harmonize its differences in order to deepen control of state functions. Unless forced by new political confrontations and developments, people will focus less on politics and more on work and shopping as the country's new spirit of consumerism expands. The distribution of EU funds will become a major area of conflict among various economic interests. Russian-Latvian relations within Latvia have returned to lower levels of confrontation, but group animosity will grow somewhat, fueled by the local Russian-language media and nationalist elements in Russia. Relations with Russia might improve as border agreements between the two states are signed. Rapid economic growth in the heartland will create even more discontent in the hinterlands, where stagnation will deepen. More individuals are expected to leave Latvia to work abroad. Many of these, especially Russophones, will not return to Latvia.

# MAIN REPORT

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## National Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007
n/a	n/a	n/a	n/a	n/a	2.25	2.00	2.00

By all formal measures, Latvia has built a solid foundation of democratic institutions and processes reflected in its amended 1922 Constitution (from an earlier period of independent rule, won in 1920) and a variety of laws and regulations. Latvia satisfied the stringent democratic parameters required for joining the EU and NATO. The rules of democratic politics are accepted by the vast majority of people, although the spirit of these rules has at times been seriously abused. Public participation is encouraged by the government and the media, but the activity of NGOs in political processes and decision making has been modest. There has been a general slide in popular regard for political and parliamentary institutions in spite of Latvia's outstanding economic growth and overall improvements in governmental services and standards of living.

Despite the Latvian public's low level of trust in the country's democratic institutions, there is a general acceptance of the legitimacy of national authorities. Increasingly, legal loopholes in existing laws are being closed, although many still remain. As well, people are slowly adapting to the idea that government should not be responsible for numerous areas of life previously covered by the Communist system. Indeed, there appears to be broad ideological consensus among Latvian political parties, which by their definition are center-right oriented. Only the two predominantly Russian political parties espouse left-oriented policies.

In 2006, the Latvian government once again experienced political instability. The main protagonists were the New Era Party with its leader, Einars Repse, and the Latvian First Party, led by Ainars Slesers. Both parties were members of the four-party coalition led by Prime Minister Aigars Kalvitis of the People's Party. The New Era Party left the government in April 2006, along with six ministers. As polls indicated, this grand gesture by the New Era Party cost it much support and left a negative legacy with most of the other political parties. Since October 2006, the New Era Party has been completely shut out of power, but the post-election coalition, with a mandate of 59 seats out of 100 in the Parliament (Saeima), is proclaiming a dominant position of stability and continuity.

In terms of output and accomplishments during its four-year existence, Latvia's eighth Parliament performed adequately, initiating 1,934 bills and passing 1,273 laws, with the bulk of serious cooperative work forged in parliamentary committees outside the glare of the media.<sup>5</sup> This new, ninth Parliament has the largest number of returned deputies since the renewal of Latvia's independence. Prime Minister Kalvitis is the first in the country's history to continue as premier following an election.

In 2006, several issues passed by the Parliament were contested by the president. One of the most sensitive concerned the proposed publication of the incomplete files and names of about 4,500 KGB informers from the Soviet period. The issue has not yet been finalized, since the Parliament can still choose whether to proceed on this initiative.<sup>6</sup> The banning of employment discrimination based on sexual orientation was passed in September 2006 by the Parliament, but only after the president returned the first set of labor law amendments, which had omitted this issue.<sup>7</sup>

Latvia's parliamentary system is not well structured for regularized dialogue with voters. Individual deputies are not responsible for a specific geographic area, as is the case in North America and much of Europe; hence people do not have a local representative office where they can ask for assistance. Another problem is Latvia's relatively underdeveloped lobbying structure. Parliamentarians, however, are able to gauge the popular will through a very active media and through increasingly vocal professional and ethnic associations. A memorandum on cooperation between NGOs and the cabinet was signed by Prime Minister Kalvitis on June 15, 2005, and a "declaration" attesting to the important role of NGOs "as an equal partner" was passed by the Parliament in March 2006.<sup>8</sup>

The Latvian government has made significant strides in providing public access to various state documents. These include Internet access to proposed legislation and to the agendas of the Parliament, the cabinet, state secretaries, cabinet committees, and parliamentary committees. Likewise, anyone can access the financial data of all ministries. Transcripts of parliamentary sessions as well as the protocols of cabinet and cabinet committee meetings are also available online.

The judiciary is independent of direct government pressure once the Parliament confirms a judge's candidacy. However, judges are dependent on the Ministry of Justice for their wages, administrative support, offices, and instructions on new laws and procedures.

In the Latvian political system, the president functions as head of state and has the power to appoint the prime minister and to return or veto legislation. Vetoed legislation is in force for two months, but it requires signing after a repeat majority vote in the Parliament. As for current president Vaira Vike-Freiberga, her major contributions lie in her continuity, political neutrality, and high popular rating. She has provided useful criticisms and successfully returned several ill-advised pieces of legislation. Thus the institution of the presidency acts as a gatekeeper for "sober second thought," a role usually performed by the Senate in many other countries. The president is highly regarded, and her acceptance of the nomination as a candidate for United Nations secretary-general on September 16, 2006, was widely applauded. She withdrew her candidacy on October 8 in part because an informal rule of geographic rotation gave preference to an Asian representative.

In 2006 as in 2005, Vike-Freiberga was on the Forbes list of the world's 100 most powerful women. She was also invited to address a joint session of the U.S. Congress on June 7, 2006, reflecting the high regard of President George Bush and his administration. In October 2006, she received the 2006 Europe Prize for her

“bravery, directness in the defense of principles, and in her addressing of the future” as well as her actions, which have strengthened the common European cultural space.<sup>9</sup> Vike-Freiberga will have served a limit of two terms by July 2007, when a new president will be elected by the 100 members of Latvia’s Parliament.

In general, Latvia’s government does not interfere in the economy except to set broad parameters and fiscal policies. There is as yet no consensus with respect to the privatization of certain large industries in which the government holds the majority or a large proportion of shares. There are plans by the government to consolidate 100 percent state ownership of the telecommunications giant Lattelekom in exchange for shares in Latvijas Mobilais Telefons (LMT), the mobile telephone corporation. In 2006, the government sold its 36 percent share of Ventspils Nafta to Vitol Group, a private consortium based in the Netherlands and specializing in oil trading and marketing services.

Latvians now have the option of suing state organs for compensation of losses incurred by their actions or inactions. The well-developed administrative court system allows for the resolution of clashes between citizens and various state bodies. People can also turn to the Constitutional Court to urge the reversal of policies or state decisions.

The Latvian civil service functions according to traditional standards of efficiency and public service and is monitored by the Civil Service Board and various other financial, control, and audit institutions. Unfortunately, its salary levels are relatively low compared with those in the private sector. A major problem is the annual 30–40 percent turnover rate of workers. As a result, many ministries are understaffed and dependent on students who leave when they obtain their degrees. In view of the labor shortage, the State Revenue Board allowed the recruitment of noncitizens in 2006.<sup>10</sup>

The country’s military is well integrated with civilian authorities, and the president is commander in chief of the armed forces. Beginning in 2007, Latvia will change to an all-volunteer military service. The prestige of the military has grown with increased pay and financing, and its participation in Iraq and Afghanistan has provided a degree of experience in real combat. The holding of a NATO summit conference in the capital city, Riga, at the end of November 2006 raised the prestige of the armed forces even more.<sup>11</sup>

#### Electoral Process

1999	2001	2002	2003	2004	2005	2006	2007
1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00

Latvia is a parliamentary democracy, and elections to the 100-member Parliament are held every four years. Deputies are elected proportionally from party lists in five large electoral districts. Only party members determine the ranking of names on the electoral lists, but voters have the right to rearrange this ranking in their chosen

party by adding a plus or minus sign next to the candidates' names. The governing cabinet is usually made up of individual parliamentary deputies whose seats are filled by the next candidate in line on their respective party list. Occasionally, unelected individuals can be appointed to the cabinet or even asked to be prime minister, as was the case with Andris Skele and Andris Berzins in previous elections in the 1990s.

Elections to the ninth Parliament were held on October 7, 2006, with the participation of 19 party lists and 1,027 candidates.<sup>12</sup> These elections reflected a new maturity in the electorate that no longer believed in a "savior party," although several parties attempted to fill this niche. The most far-reaching and significant change was the effort by some parties to circumvent spending limits by financing advertising through individual organizations under the guise of freedom of speech. The People's Party and Latvian First Party were the leaders in such initiatives, gaining many votes in the process. After several minor parties went to court to contest the legality of the elections in the hope of overturning the results, the Supreme Court concluded that the two parties (People's Party and Latvian First Party) had spent beyond the allowed legal limits but concluded that this had not influenced the final results.<sup>13</sup> No laws were passed with respect to third party spending and, indeed, Parliament was seriously considering lifting all restrictions on election spending in the future.

The voter participation rate, however, was significantly lower than in 2002, decreasing from 70.3 to 62.28 percent. The highest turnout was in Riga (67.21 percent) and the lowest (55.70 percent) in Latvia's eastern region of Latgale. Of the 19 contesting parties, 7 were able to overcome the 5 percent threshold to gain deputies in the Parliament.<sup>14</sup>

Observers from the OSCE and Office for Democratic Institutions and Human Rights visited 88 polling stations throughout Latvia. In their view, the election was "administered transparently and professionally, and the campaign took place in a competitive and pluralistic environment.... The election day process itself was conducted efficiently.... The political campaign was pluralistic and provided opportunities for all political parties and alliances to communicate their messages to the voters. The campaign was mainly conducted through the mass media with relatively few rallies or large-scale meetings." The main criticism concerned the country's noncitizens, which number over 400,000 people, or 18 percent of Latvia's total population.<sup>15</sup>

Among those elected, only 30 out of 100 had no prior experience in the Parliament. Nineteen deputies were currently representatives in local government councils, and 7 of these were the heads of their councils. These deputies will have to end their local mandates before moving on to serve in the Parliament. By contrast, the Parliament refused to allow Latvian European Parliament deputies from running in the elections.<sup>16</sup>

The perceived big winner in the elections was the People's Party, which had provided the prime minister of the eighth Parliament since December 2, 2004. The perceived big loser was the New Era Party, which was elected in 2002 with 26 seats

but this election received only 18 seats. Of the seven winning parties, only the two just mentioned were not coalitions.

Results of the October 7, 2006, Elections to the Ninth Parliament<sup>17</sup>

Parties or Coalitions	Share of Voters in %	Number of Deputies	Change from 2002
1. People's Party (Tautas Partija)	19.49	23	+3
2. Union of Greens and Farmers (Zalo un Zemnieku Savieniba)	16.69	18	+6
3. New Era Party (Jaunais Laiks)	16.38	18	-8
4. Harmony Center (Saskanas Centrs) (Mostly Russophone supported)	14.42	17	+17
5. Voting Union of Latvia's First Party and Latvia's Way (Latvijas Pirma Partija un Latvijas Cels)	8.59	10	Same
6. For Fatherland and Freedom (Tevzemei un Brivibai)	5.4	7	+1
7. For Human Rights in a United Latvia (Par Cilveku Tiesibam Vienota Latvija) (Mostly Russophone supported)	6.02	6	-19

Many of the extremist parties received almost no support. As stated by columnist Aivars Ozolins of the major Latvian newspaper *Diena*: "Those 'Latvian' parties that had hoped to entice voters with the inclusion of ultra-nationalist, xenophobic, anti-Semitic, or homophobic view holders in their voter lists evidently were mistaken in their offerings."<sup>18</sup> Three of the four parties in the governing coalition have been associated with prominent and wealthy Latvian oligarchs: The People's Party is linked with Andris Skele, the Union of Greens and Farmers with Aivars Lembergs, and the Latvian First Party with Ainars Slesers. There are many signs that these three oligarchs who have fought one another for many years have declared a truce and are now attempting to cooperate, which has made many people nervous.

#### Civil Society

1999	2001	2002	2003	2004	2005	2006	2007
2.25	2.00	2.00	2.00	2.00	1.75	1.75	1.75

NGOs are regulated and defended by the Latvian Constitution, the 1992 Law on Public Organizations and Their Associations, and two new laws on public organizations passed in 2003 and 2004. The new laws required NGOs to reregister (from

April 1, 2004, to December 31, 2005), but in January 2006, over 5,000 organizations had not fulfilled the requirements of this new process and lost their official accreditation. However, 3,495 NGOs did register and have established a much more transparent and legal presence.

The years since Latvia's accession to the EU in May 2004 have been marked by turbulence in the NGO sector. Most NGOs have lost financing from foreign donors and have reoriented toward self-sustainability. At the same time, new opportunities have been created for Latvian groups through their access to EU funding, greater integration partnerships, and networking with experienced and well-funded EU organizations. The requirements and procedures for EU support, however, have created major obstacles that, to date, only a small minority of Latvian NGOs have been able to surmount. In this respect, the Latvian government has realized the importance of "seed money" and in 2006 created a program to provide up to 20 percent of project financing in order to increase the number of successful applicants for EU grants.

Local support by Latvian businesses is rather sparse and focused mostly on organizations specializing in sports and culture and rarely on those advocating more politicized issues, such as environmentalism, gender equality, and government transparency. Indeed, such NGOs as Delna (a branch of Transparency International) and Providus (which advocates civil society growth), both supported by Soros donations, have been attacked by Latvian oligarchs such as Aivars Lembergs and Ainars Slesers because of their success in promoting a more open democracy and their close watch on election expenses and "hidden" advertising. Slesers tried to introduce a resolution on January 19, 2006, to ban any monitoring of political parties by NGOs that had received foreign donations. The attacks by oligarchs have been particularly animated, with attempts to demonize George Soros and any organization receiving support from his charitable foundations.<sup>19</sup>

In spite of the attacks against certain NGOs by powerful politicians, the general thrust of official government policies has been much more positive and increasingly supportive in speech as well as in deed. The government process of helping to strengthen and expand NGO activities began in 2005 and continued unabated in 2006. In February 2005, the government accepted detailed long-range and middle-term national programs, specifically "the basic outlines strengthening civil society, 2005–2014," and "strengthening civil society, 2005–2009." These programs have now become the key policy priority of the minister of special issues and social integration and focus on NGO education, motivation, inclusion in decision making, and sustainability. The ministry has engaged a dozen representatives of NGOs to participate in its regular meetings discussing EU structural funds, and in June 2005, the Latvian government signed a memorandum of cooperation with NGOs. Coordination of this project has been left in the hands of the State Chancellery. On April 30, 2006, the Latvian Parliament overwhelmingly passed a declaration on the strengthening of civil society and the need to further engage NGOs in the decision-making process as "equal partners."<sup>20</sup>

The Latvian government also allows an 85 percent tax deduction on donations to groups that have received “public benefit status.” This status is determined by the Public Benefit Committee, which comprises ministry officials and NGO representatives from the fields most closely associated with such public interest activities as welfare, health, environment, civil society, minority group integration, and sports. At the end of 2005, there were 534 NGOs that had received public benefit status out of 3,495 registered associations and 286 foundations.<sup>21</sup>

Latvian NGOs face other problems besides financing, such as low organizational capacity. Most groups are composed of about two dozen individuals who often lack basic training in financial, legal, administrative, and public relations skills. NGOs are dependent primarily on part-time volunteers who do not have the time or energy to plan and focus on long-term strategies. Even groups with paid staff often find themselves tied to the life of specific projects rather than having a continuous source of personnel financing.

In spite of the evident shortfalls in capacity, major efforts have been made to create 12 regional NGO centers that provide technical assistance, information, and consultative services to various locally based NGOs. Certain groups have developed strong networks within their fields of interest. As well, other cross-interest networks have created umbrella advocacy organizations, such as the Civic Alliance–Latvia, which helps to monitor government policies and defends and lobbies the interests of its members.

In 2006, certain NGOs received wide coverage in the media. The Jurmala Defense Society, with over 3,000 activists, lobbied and agitated against plans by the city of Jurmala to expand construction into formerly protected forested areas. Land in this beachfront city is extremely expensive, and various quick-profit businesses have long sought sweetheart deals with the city administration. NGOs have also introduced and won cases in the Constitutional Court.

In 2006, no group seriously threatened political or social stability in Latvia. However, several incidents created major polarization in the society. One concerned the banning of the traditional Latvian Legion’s war veterans ceremony to be held at the national Freedom Monument on March 16. This action by the city of Riga was hotly debated, especially because Soviet war veterans have been allowed in the past to celebrate their various remembrance events in front of the Soviet-built Victory Memorial in Riga.<sup>22</sup>

Once again, controversy surrounded the celebration of Gay Pride Day in Riga in July. A parade permit was not issued by the city of Riga because of the seeming difficulty in providing police protection. Nevertheless, gays and their supporters assembled in a Riga hotel and were pelted with various objects, including excrement.<sup>23</sup> This violent reaction received worldwide publicity. In the wake of this controversy, the Latvian Parliament hurried to amend the Constitution to state explicitly that marriage was to be allowed only between a man and a woman.

Various ethnic groups have created their respective cultural and advocacy organizations. Most recently, the Latvian government has expended much effort to provide support systems for Roma. On March 24, 2006, an Arab cultural center

was established, the first in the Baltic states. Perhaps an index of a certain measure of success of Latvian NGOs has been their invitation by several post-Soviet states, including Georgia, to provide advice on strengthening civil society.

#### Independent Media

1999	2001	2002	2003	2004	2005	2006	2007
1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50

The Latvian Constitution (Article 100) guarantees freedom of speech; freedom to obtain, keep, and disseminate information; and freedom to proclaim one's opinions. Censorship is forbidden. Sections 91 and 127 of the Latvian criminal code (adopted in 1999)—which carried prison time and severe fines for spreading false information about deputy candidates or defaming state representatives—were challenged successfully in the Constitutional Court in October 2003 by the newspaper *Diena*. With the concurrence of the Parliament in January 2004, criminal liability for the defamation of state officials has now been effectively removed. In June 2003, the Constitutional Court also repealed a law requiring that 75 percent of broadcasting in any 24-hour period be in the Latvian language. This repeal means that the language of broadcasting will be determined solely by market considerations.

A new controversy developed in 2006 over the demand by state institutions that media should reveal their news sources. In March, a court determined that the newspaper *Neatkarīga Rita Avīze* did not have to reveal its sources to the Corruption Prevention and Combating Bureau (KNAB).<sup>24</sup> In September, however, another court required Latvian State Television (LTV) to reveal its sources in the police criminal investigation of the oligarch Aivars Lembergs.<sup>25</sup> LTV has decided not to comply, whatever the consequences. Additionally, the state finance police were able to obtain a judge's permission to tap the conversations of a prominent LTV news journalist, which were later revealed to the media. The judge in question received a reprimand, and several policemen are being investigated.<sup>26</sup>

Except for these new obstacles, Latvian media are free to disseminate information and views, limited only by libel considerations and the pressures of the market. Investigative journalists are free to pursue various sensitive topics, including government waste and corruption. The mass media generally enjoy editorial independence, although certain news items may be difficult to obtain from government sources. The leading newspapers readily publish a broad range of opinions from specialists and NGOs. Many newspapers are available free of charge on the Internet, and several papers are distributed without charge.

Internet use is increasing rapidly. In the summer of 2006, 44 percent of people from 15 to 74 years of age had accessed the Internet during the previous six months, and 37 percent had done so in the previous seven days. The Latvian Central Statistics Bureau concluded at the end of 2006 that 42 percent of households were

connected to the Internet and 22 percent had a broadband connection.<sup>27</sup> Latvia has established a special governmental ministry to deal with “e-affairs” in order to further the expansion of broadband access across the country. The government plans to spend 130 million lats (US\$246.7 million) for expanding information technology to all schools by 2013.

Viewers in Latvia can choose between state-subsidized and privately owned television and radio as well as Latvian- and Russian-language media. LTV1 and LTV7 are public TV stations. PBK is a Baltic-wide Russian-language station based in Riga.

About one-third of viewers rely on satellite and cable reception. Russophones, in particular, tune in to programs from neighboring Russia. Each viewer in Latvia over the age of four spent almost four hours daily in front of the television in December 2006.<sup>28</sup>

While public TV has a minor share of the total television audience (14.9 percent) and in 2006 survived several crises of financing, programming, and personnel clashes, it can still claim some of the most watched TV programs. A major clash occurred over financing the independently produced and most watched weekly public affairs program, *Kas Notiek Latvijā* (*What Is Happening in Latvia*), created by Janis Domburs. The prolonged shutout created public pressure to resume the program’s broadcast. Latvia’s leading intellectuals came to Domburs’s support, and the issue was finally resolved.<sup>29</sup>

In contrast with public television, public radio is the clear leader in the field. Latvijas Radio with its four different services claimed 46.2 percent of the total audience in spring of 2006.<sup>30</sup>

In 2006, a new free-distribution daily paper, *5 Min*, catapulted to the top in terms of readership. The paper is published by the daily *Diena* in both Russian and Latvian editions with similar content, which could potentially lead to a convergence of the media’s two linguistic spheres. The other daily newspapers retained their traditional standing. The most popular Latvian papers were *Diena*, *Latvijas Avīze*, *Neatkarīgā Rīta Avīze*, and *Vakara Ziņas*. Russophones preferred *Vesti Segodnya*, *Chas*, and *Telegraf*. A new freely distributed Riga city paper, *Vidzemes Priekšpilsetas Vestis*, was started in 2006 to fill the daily niche abandoned by *Rīgas Balss*, which became a weekly.

The largest shareholder in *Diena* is the Bonnier Group of Sweden. In the Russian media, *Vesti Segodnya* and *Komersant Baltic* are owned by Riga residents Andrey Kozolv and his mother. Other publishers of the Russian press include local Russophones Aleksey Sheinin and Valery Belokon. Belokon also owns 30 percent of TV5 and recently purchased the U.K.-based Blackpool Soccer Club.

The Bonnier Group, besides controlling the newspaper *Diena*, has interests in one-third of Latvian regional newspapers, the only business daily in the Latvian language (*Dienas Bizness*), and the Baltic News Service. It also controls large printing facilities and one of the largest media distribution and subscription companies. Narvessen, a Scandinavian company, controls 60 percent of Latvia’s retail publication outlets, having bought out hundreds of independent booths.

Of some concern to media independence and pluralism is the dominant presence of Ventspils Nafta (VN), a joint stock holding company specializing in the oil transit and terminal business, with additional interests in real estate, shipping, hotels, sports clubs, and other areas. Its subsidiary Mediju Nams controls three major daily newspapers: *Neatkarīga Rita Avīze*, *Rīgas Balss*, and the racy tabloid *Vakara Zīnas*. It also publishes several journals and weeklies, and its former subsidiary has bought a controlling stake in another daily paper, *Latvijas Avīze*. The chief representative of the VN conglomerate has for many years been Aivars Lembergs, mayor of the city of Ventspils and main financial supporter of the Union of Greens and Farmers. The 2006 sale of Ventspils Nafta shares owned by Latvia's government to Vitol, a multinational hydrocarbon company based in the Netherlands with US\$80 billion in revenue in 2005, could lead to changes in the conglomerate's structure and power and perhaps the sale of VN media holdings.<sup>31</sup>

Foreign multinationals control the two largest TV broadcasting channels in Latvia. The Swedish Modern Times Group (MTG) owns 100 percent of TV3 and 3+. MTG is almost entirely a communications corporation, albeit with recently acquired interests in gaming and betting establishments. MTG controls the largest commercial radio network in Northern Europe, including Star FM in Latvia. The MTG 2005 CEO report states, "Our footprint increased to a record new level of over 360 million people in 21 countries, which is the second largest geographic broadcast footprint in Europe."<sup>32</sup>

The other major foreign owner is Polsat, a Polish media company that controls 60 percent of Latvijas Neatkarīga Televīzija (LTN) and Radio SWH, SWH+, and SWH Rock. Polsat also has controlling interests in TV4 in Lithuania and TV11 in Estonia. Polsat was founded in 1992 by Zygmunt Solorz-Zak, a then 35-year-old Polish entrepreneur. In 2006, he was listed by *Forbes* magazine, in its 2006 global billionaires tally, as the 382nd wealthiest person in the world with an estimated net worth of over US\$2 billion. According to the English-language *Warsaw Voice* of June 26, 2003, "Solorz-Zak has been in business since the start of the 1980s. His first company was active in transporting packages from Germany to Poland and selling cheap Eastern European cars. In the early 1990s, he invested in the media. The Polsat television station, in which Solorz-Zak holds 98 percent of the stock, began broadcasting from the Netherlands December 5, 1992," before it was allowed to do so in Poland. Latvia has no law limiting foreign ownership in the media. This may create problems in the future. Certain world media conglomerates, such as Rupert Murdoch's News Corporation and the Germany-based Axel Springer and Bertelsmann, are reportedly interested in acquiring Baltic media sources.

Journalists in Latvia have almost no protection. Their unions are weak, and remuneration is low: 200 to 300 lats (US\$365 to US\$546) per month. Consequently, there is a large turnover in reporters (who shift mostly to private PR firms) and a high share of young, inexperienced journalists who have neither the time nor the skills for major investigative initiatives. In spite of such issues, the media are the most trusted institutions in Latvia. As well, there is tremendous competition to enter journalism schools. In Latvia, there is still a certain glamour associated with this

profession that has faded in most Western countries. In its Press Freedom Index in October 2006, Reporters Without Borders rated Latvia highly, placing the country in the 10–13 position out of 168 countries surveyed (Latvia shared this ranking with Hungary, Slovenia, and Portugal).

#### Local Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007
n/a	n/a	n/a	n/a	n/a	2.50	2.50	2.50

In contrast with Estonia and Lithuania, Latvia has a Constitution that does not include the principles and rights of local governments, which has been one of the constant demands of the Union of Latvia's Self-Governments (*Latvijas Pasvaldību Savienība*, a voluntary organ representing 525 of 553 local governments in Latvia). Nevertheless, Latvia has several laws that apply to municipalities, particularly the Law on Local Governments, passed on May 19, 1994, and amended over 10 times. The 553 local governments in Latvia are responsible for a broad array of functions and services, including primary and secondary education, most social assistance (except pensions and family care benefits), health care, water supply and sewage, county roads, solid waste collection and disposal, and about one-fifth of all housing in Latvia to which they have legal title. The processes of governance vary according to the size of the municipality, but all are based on fundamental democratic foundations, such as open council and committee meetings and minutes, public access to deputies and the executive, procedures for review of complaints and suggestions, public discussions, and audited annual reports or reviews of budget spending and assets. Citizens also have recourse to municipal elections every four years. Elections are free and democratic, with a turnout of 52.85 percent at the most recent local elections on March 2, 2005.

The Law on Administrative Procedure, in force since February 1, 2004, provides another element of local security against arbitrary government actions. Most important, this law allows people to dispute government actions through the administrative court system. Local media, mostly weeklies, also provide input and discussion on municipal activities. The relative satisfaction with local governments has decreased from 52.4 percent in January 2005 to 43.1 percent in January 2006.<sup>33</sup> Riga is clearly the most economically favored area in Latvia, with an unemployment rate below 4 percent (compared with 25–30 percent in the *Latgale* districts), and it produces two-thirds of Latvia's gross national product (with about one-third of the country's population). Indeed, the other four regions generate relatively little economic value: *Kurzeme*, 11 percent; *Vidzeme*, 10 percent; *Zemgale*, 8 percent; and *Latgale*, 4 percent. *Latgale* is the region with the greatest poverty and highest rate of unemployment.

In the last decade, many attempts have been made at the national level to redraw municipal boundaries, but only minimal voluntary changes have ensued.

Once again, this issue will be on the Parliament's agenda, but the Union of Greens and Farmers is opposed to any forced redrawing of boundaries, while the People's Party sees no other alternative. This issue may divide the current party coalition in the ninth Parliament. The Union of Latvia's Self-Governments has also voted against mandatory territorial reform. Some accommodation has been made by altering the squeezing of the existing 553 municipalities into 167 to 170 viable units instead of the originally planned 120 units, based on a minimum population of 4,000. As yet, 73 percent of local governments have populations below 2,000. The aim is to have these reforms completed by the next municipal elections in March 2009.<sup>34</sup>

In 2006, municipalities, especially Riga and Jurmala, generated major news. The banning of the Riga Gay Pride Day parade in July, the controversy over the possible sale of Riga city heating structures to a French consortium, the fight over control of gambling establishments, the chaos of Riga city purchasing practices, and the various discovered sweetheart deals with Riga city property all generated discontent in different sectors of the society. The "saga" of changes to the Jurmala city development plan continued unabated with disclosures of bribes, personnel changes, and heightened public participation and petitions. In other areas of Latvia, such as Saka and Roja, housing built illegally on protected seaside dunes was ordered to be demolished, with conflicts continuing over who would pay for the demolition.

The Union of Latvia's Self-Governments noted that 10 years ago the local priority problem was lack of financing, 5 years ago it was the lack of governance know-how, and currently the biggest problem is "bureaucratization," although the other problems still remain. With the increased number of laws, explosion of supervisory bodies, and need for detailed accountability, much time is devoted to paperwork. Not surprisingly, the Union of Latvia's Self-Governments has demanded a decrease in laws and regulations and greater responsibility placed in the hands of local deputies.<sup>35</sup> In sum, the quality of local governments is quite variable, as is their capacity and ability to fulfill all required jurisdictional duties. Great hope has been placed on the billions of euros that are planned to be disbursed by various EU programs between 2007 and 2013 to raise the level of Latvian municipal development.

#### Judicial Framework and Independence

1999	2001	2002	2003	2004	2005	2006	2007
2.00	2.00	2.00	2.25	2.00	1.75	1.75	1.75

Latvia's Constitution provides protection for fundamental political, civil, and human rights, and on the whole, these are respected by authorities and the general population. Latvians are guaranteed equality before the law, but not all Latvians have equal access to justice in practice. Over 80 percent of litigants in civil cases act without the help of lawyers, but state legal aid is made available in all criminal cases.

The State Human Rights Bureau is a watchdog institution that helps individuals resolve problems at the state and private enterprise levels. It initiates court cases and often supports indigent litigants in civil cases. The bureau was slated to be expanded by January 2007 and undertake ombudsman functions, but by the end of 2006, the Parliament had not yet begun to provide funding of an estimated 1.3 million lats (US\$2.47million) or chosen a chief ombudsman.<sup>36</sup>

The state is also held accountable by the Latvian administrative court system and by the EU and its various legal and other institutions. Administrative courts adjudicate disputes and conflicts between the population and national or local public servants, including policemen. State bodies and state workers can be fined or asked for restitution of lost assets as a result of state actions or inactions.

The European Court of Human Rights (ECHR) also considers cases after they have wound their way through the Latvian court system. Several of the successful litigations against Latvia have sensitized the administration and court judges to the fundamental civil rights of the EU. For example, in May 2006 the ECHR judged that a Latvian who had received “inhuman treatment” in a police isolation cell should receive 7,000 euros (US\$ 9,954) as compensation.<sup>37</sup> The Latvian judicial system is consistently rated as untrustworthy by the population. Part of the problem rests with the continued overload of the system. Judges are overburdened and often do not have the time or sometimes the specialized background to write quality decisions in an understandable fashion. Some judges are also perceived as corrupt. In 2006, two senior judges who had also served during the Communist period were arrested for corruption. Other judges were dismissed or reprimanded in 2006 for careless work and untenable decisions.

In September 2005, Latvia had 436 judges, 75 percent of whom were women. These judges are distributed among 42 courts: 35 are local and city courts of first instance, 6 are regional courts that receive appeals but may also be courts of first instance, and there is 1 Supreme Court with three divisions—civil, criminal, and administrative. In 2005, the courts dealt with 41,696 first-instance civil cases. Over 42.8 percent of these were handled within three months, and only 8.4 percent required longer than a year. In criminal instances, the courts seem to be slowly dealing with the accumulated backlog of cases. Thus, in 2005 there were 10,656 new cases, but 11,549 were concluded. Of these, 62.8 percent were taken care of within 3 months and 30 percent in the next 3 to 12 months.<sup>38</sup>

According to recent statistics, Latvia has a relatively high but decreasing rate of incarceration—there are 292 prisoners per 100,000 of the population, compared with Ireland (72) and Finland (75), but lower than the rates found in Russia (610) and Estonia (333). In June 2006, there were 6,676 prisoners in 15 institutions, a significant drop from the 7,796 in 2005 and 10,070 in 1998. Among inmates, only 5.6 percent were women, and 2.7 percent were juveniles under the age of 18.<sup>39</sup> Additionally, one-tenth are HIV infected, and one-third have been active narcotic consumers or alcoholics. The vast majority have been diagnosed with psychological problems. One-third of first-time prisoners are returned behind bars within a few years.<sup>40</sup> Another third of the prison population is composed of people awaiting

trial, accentuating the reluctance of the justice system to rely on bail and the fear that arrestees will vanish beyond state borders. Only 43.4 percent of prisoners were incarcerated for the first time, indicating a high proportion of repeat criminality, which is about average for Europe (57 percent).<sup>41</sup>

Latvian prisons are a century old and have primitive facilities. The Ministry of Justice has planned to rebuild and modernize all prisons between 2006 and 2014 at a cost of 52 million lats (US\$98.7million). The State Human Rights Bureau complained that not enough is being done to provide education, employment, and fitness training in prison facilities. Prisoners most often complain about censorship of correspondence, lack of lighting or ventilation, overcrowding, and lack of toilet facilities separate from living areas.<sup>42</sup> At the same time, drugs, knives, and mobile phones are widespread phenomena, contrary to prison rules. Prison guards and service personnel number about 3,000. Their low pay, scheduled for an increase in 2007, has created staff shortages and affected the quality of recruits. The State Probation Board, created in 2005, now attempts to help criminals integrate into society. In 2005, out of 2,500 released from prison, 700 were provided apartments and work by this service.<sup>43</sup>

The Latvian Constitutional Court is trusted more than other courts. The seven justices are appointed for a single term of 10 years by three separate institutions: Appointments can be nominated by a minimum of 10 parliamentary deputies, two by the cabinet, and two by the Supreme Court “plenary” of about 50 justices. In 2006, four judges, including the current chair, Aivars Endzins, were scheduled to retire. One justice, Ilma Cepane, after retirement in July, was elected as a Parliament deputy in October with the New Era Party. The turnover of over half of the existing justices may introduce new directions in this court. Indeed, the appointment of judges to the Constitutional Court became very controversial and politicized in December, when the governing coalition appointed several individuals with less than stellar judicial backgrounds.

#### Corruption

1999	2001	2002	2003	2004	2005	2006	2007
3.50	3.50	3.75	3.50	3.50	3.50	3.25	3.00

There are indications that Latvia has moved significantly toward openness and accountability as a result of more active interference by the KNAB and pressure from various international organizations and the EU. Although corruption in Latvia is still a major concern, it may be that the tide has turned.

The KNAB initiated criminal charges for corruption against 50 people in 2005, compared with 29 a year earlier.<sup>44</sup> And publicity given to corrupt practices was particularly noteworthy in 2006. Telephone conversations connected with the attempted bribery of a Jurmala city deputy to vote for the “right” mayor were taped by the KNAB and publicized by the leading Latvian TV program *De Facto* under

the title “Jurmargeita.” Two of Latvia’s oligarchs, Andris Skele and Ainars Slesers, were parties to the conversations, but they have not as yet been prosecuted. This year, one senior judge was dismissed by the Parliament, sending a signal to the judiciary. Two other senior court judges were caught accepting bribes given by a sworn executor. All three were arrested, creating shock waves throughout the justice system. Another oligarch, Aivars Lembergs, is being prosecuted for wide-scale corruption connected with Swiss firms. A pharmaceutical businessman, Vladimirs Labaznikovs, was finally sentenced to two years in prison (on appeal) for a large-scale corruption attempt after receiving a suspended sentence in his first court process.<sup>45</sup> Indeed, the media have covered regular stories on charges of corruption against police chiefs, state revenue directors, lawyers, and bureaucrats. In the “Kempmayer” affair, the sophisticated attempt by a group to obtain control over Latvia’s shares of the mobile telephone company (LMT), worth about US\$150 million, through a fraudulent series of shell corporations was negated by a Swedish arbitration court. A headline in *Latvijas Avize* captures the new trend: *bigger fish are starting to get caught*.<sup>46</sup>

A poll of 1,000 state officials revealed that 35 percent feel corruption in the last few years has increased; 31 percent believe it has not changed; and 21 percent claim that it has improved. The areas of greatest corruption risk were seen to be in real estate dealings, medicine, licenses and permits, traffic police, public procurements, and customs. The least amount of corruption was felt to be found in passport procedures, education, and job placement processes. The greatest trust in fighting corruption was given to the KNAB (73 percent). Other successful corruption-fighting institutions were seen to be the media, procuracy, state revenue service, and NGOs. Politicians, on the other hand, were quoted as obstacles to this fight. One-tenth of the officials polled claimed they had received offers of illegal payments or bribes, and 77 percent of them were willing to provide information in cases of perceived corruption, although 41 percent would do so only anonymously.<sup>47</sup>

The KNAB has been successful in monitoring political party overspending. Following the municipal elections of March 2005, it charged 11 parties with exceeding spending limits. Unfortunately, in the campaign for the national elections of October 7, 2006, several political parties used specially created NGOs to make an end run around the limitation rules. This third-party advertising appeared to be quite effective but could lead to future election financing chaos unless the loophole is resolved.

A 2005 joint study—BEEPS (Business Environment and Enterprise Performance Survey)—of 27 countries [which included managers and owners of more than 20,000 firms], developed jointly by the World Bank and European Bank for Reconstruction and Development has found a much more benign situation in Latvia than in most new EU states with respect to corruption. According to survey responses by Latvian businesspeople, a smaller number indicated corruption as a problem than in most of the other states studied. More important, a comparison with a similar study in 2002, with respect to Latvia, points to a significant decrease in corruption perception.<sup>48</sup> Several NGOs provide a watchdog function against cor-

ruption, such as Delna, a branch of Transparency International, which has been the most active and visible. According to the head of the KNAB, Aleksejs Loskutovs, the biggest achievement of his organization has been increasing the public's understanding of corruption risks and its willingness to report corrupt practices.

Valts Kalnins, Latvia's greatest specialist on corruption and editor of the semi-annual report on corruption, *C*, summarized his views on the Latvian situation: "In general, Latvia is slowly becoming similar to several Western European states, where the civil service and court systems are relatively noncorrupt but politics is corrupt. Improvements are occurring in the justice environment and in the state bureaucracy, but in the political arena I do not see any visible improvements." In his view, if the KNAB becomes a greater threat to political corruption than at present, it will receive a "counterblow." The activities of the bureau could conceivably be limited through public relations efforts and judicial actions.<sup>49</sup> Indeed, Prime Minister Aigars Kalvitis has attempted several times to punish Loskutovs. However, the formerly easy ride for Soviet-educated corrupt oligarchs will be checked by a growing public consciousness and a new generation of young people steeped in Western values.

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  - <sup>3</sup> Eurobarometer, *European Social Reality: Report*, Special Eurobarometer 273, published February 2007, p. 6. Latvia ranks 24<sup>th</sup> out of 25 on this score. Moreover, only 59 percent in Latvia were satisfied with their standard of living, compared with an EU average of 83 percent. See p. 9 of report.
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- <sup>12</sup> “9.Saeimas vešanas,” on Central Election Commission Web site: [www.cvk.lv/pub/public](http://www.cvk.lv/pub/public).
- <sup>13</sup> “TP un LPP/LC parteršanas neesot ietekmejusi vešanu rezultatus,” [Overspending by TP and LPP/LC did not affect election results], *Apollo*, December 7, 2006, [www.apollo.lv](http://www.apollo.lv). The People’s Party support group, Sabiedriba par Varda Brivibu, was organized by the prime minister’s chief adviser, Jurgis Liepnieks (People’s Party), who collected money from People’s Party founder and oligarch, Andris Skele (300,000 lats (US\$569,250)), and Latvia Shipping, which has ties to the other oligarch, Aivars Lembergs (156,000 lats (US\$296,000)). Liepnieks himself donated 80,000 lats (US\$152,000). The other group, Pa Saulei, was organized by Eriks Stendzenieks to support the Latvian First Party.
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