

Latvia

by Juris Dreifelds

Capital: Riga
Population: 2.3 million
GNI/capita: US\$15,790

The data above was provided by The World Bank, *World Bank Indicators 2009*.

Nations in Transit Ratings and Averaged Scores

	1999-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Electoral Process	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00
Civil Society	2.25	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75
Independent Media	1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.75	1.75
Governance*	2.50	2.25	2.25	2.25	2.25	n/a	n/a	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	2.00	2.50
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	2.50	2.50	2.50	2.25	2.25
Judicial Framework and Independence	2.00	2.00	2.00	2.25	2.00	1.75	1.75	1.75	1.75	1.75
Corruption	3.50	3.50	3.75	3.50	3.50	3.50	3.25	3.00	3.00	3.25
Democracy Score	2.29	2.21	2.25	2.25	2.17	2.14	2.07	2.07	2.07	2.18

* Starting 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(s) of this report. The opinions expressed in this report are those of the author(s). 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

In Latvia, a full generation has grown up without any firsthand knowledge of Soviet life. As this Soviet experience retreats in the memories of even the older generations, independence and membership in the European Union (EU) and NATO have become an unquestioned daily reality. The Russia-Georgia confrontation in August 2005, brought home to many the possible vulnerabilities involved in having a resurgent and economically expansive neighbor. NATO leaders were dispatched to the capital, Riga, to reiterate the seriousness of Baltic protection, and at the same time provide a signal to Russia of NATO's determination to stand by each and every member. The Georgian events also created further rifts between Latvians and the large Russian-speaking population, epitomized in small part by the divergent display of Georgian and Russian flags decorating many Riga transportation vehicles.

Latvia's economy was a major concern even before the worldwide economic meltdown, but high inflation, especially the steep rise in the price of necessities in 2008 such as food, energy, heat, and shelter, brought about widespread discontent. The lifting of visa requirements to travel to Canada, Australia, and the United States was a positive signal to the country. The celebration of the 90th anniversary of Latvia's declaration of independence on November 18 offered wide opportunities for nation building and increased cohesion in a population generally beset by anomie and cynicism.

National Democratic Governance. In 2008, two referendums, the president's efforts to mobilize Parliament, and the precarious majority of the coalition parties have circumscribed the amplitude of executive freedom. In 2008, while the parliamentary opposition remained largely ignored by decision makers, the Latvian Federation of Free Trade Unions launched a campaign to extend the power of the general electorate by allowing a recall of Parliament between elections. The referendum failed but demonstrated the low levels of trust accorded to democratic institutions in Latvia. Serious discontent and concerns were voiced over the radical actions taken to reorganize Latvia's governmental ministries, taxation levels, and institution of drastic economic salvation plans—including the government's overly secretive takeover of the Parex Banka. *As a result, the rating for national democratic government worsens from 2.00 to 2.50.*

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 to have been free and fair. Voting turnout has

declined over four years from 71 percent to 62 percent. Most parties in Parliament are positioning themselves to prepare for municipal and European Parliamentary elections to be held concurrently on June 6, 2009. *The rating for electoral process remains at 2.00.*

Civil Society. Nongovernmental organization (NGO) activity is in a state of flux owing to the loss of financing from foreign donors and reorientation to self-sustainability. Government funding, and especially seed money to access EU funds, has provided some relief. In spite of the decreased rate of participation in various organizations, the number of NGOs is increasing at a rate of 3 a day, totaling roughly 10,000 in 2008. Of these, only 1,000 are certified and have tax-deductible status. The mounting mobilization of impressive numbers of voters for two referendums in the summer of 2008, in spite of governmental opposition, highlighted the viability of civil society. *The rating for civil society remains at 1.75.*

Independent Media. There is almost no governmental interference in Latvian media. As in most countries of the world, the increase in Internet use has precipitated a significant drop in newspaper readership. Nevertheless, people in Latvia have a broad choice of dailies, weeklies, regional press, journals, television, and radio. Moreover, many people have access to European and Russian television programs. Journalism remains a prestigious occupation in spite of the low pay and high personnel turnover. Many Latvians have criticized the increased presence of Russian serials on Latvian TV and their possible impact on the Latvian language, and politics. *Latvia's rating for independent media holds steady at 1.75.*

Local Democratic Governance. Latvian municipal governments remained active in 2008. The planned reorganization of 530 municipalities into 109 new territorial districts and 9 republic cities by early 2009 passed on December 18, 2008, and has created discontent and even opposition from over three dozen districts and one of the four ruling coalition parties. *Latvia's rating for local democratic governance remains at 2.25.*

Judicial Framework and Independence. The status, pay, and number of judges in Latvia's 42 courts continue to increase. Modernization of the court system is progressing rapidly, yet public trust in these institutions remains relatively low. Funding for the Ministry of Justice and especially its court administration sector has more than doubled since 2004. *The rating for judicial framework and independence remains at 1.75.*

Corruption. While all signs indicate relatively limited corruption in the middle and lower levels of administration and courts, the pinnacle of politics appears tainted. Latvia's anticorruption organization, the Corruption Prevention and Combating Bureau (KNAB), is becoming more sophisticated and has accelerated its investigations, increasingly catching "big fish" in its net. As a result, this organization

has become one of the most trusted in Latvia, and more and more individuals are willing to inform officials about observed corruptive activities. Ironically, in spite of this achievement, the leader of KNAB, Aleksejs Loskutovs, was dismissed from his position in June after an unsuccessful attempt (due to large public protests) to fire him in the fall of 2007. The official reason for the dismissal concerned the theft of large sums of money, yet many have speculated that his overzealous fight against corruption led to his dismissal. *Latvia's rating for corruption worsens from 3.00 to 3.25.*

Outlook for 2009. The widespread anger and cynicism stemming from the economic downturn may result in major parties in government losing out in municipal and European Parliament elections slated for June 2009. Furthermore, the restructuring of municipal district boundaries may result in realignment of political parties. Worries stemming from the economic crisis may place ideological issues and concerns regarding the relations between Latvians and the Russian-speaking community on the back burner in order to pursue increased trade. At the same time, many Latvians working abroad may return following cuts in employment in Ireland and the United Kingdom.

MAIN REPORT

National Democratic Governance

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
n/a	n/a	n/a	n/a	n/a	2.25	2.00	2.00	2.00	2.50

The institutions of national governance in Latvia continue to work within constitutional parameters as the country has become a model for other former Soviet republics in bringing national legislation in line with European Union (EU) standards. Within the parliamentary system, the governing executive determines most policy initiatives. However, in 2008 two referendums, the president's efforts to mobilize Parliament, the precarious majority of the coalition parties, and the deliberations of the Constitutional Court have circumscribed the amplitude of executive freedom. At the same time, there are low levels of trust accorded to democratic institutions in Latvia, but a general acceptance of the legitimacy of national authorities.

Prime Minister Ivars Godmanis acceded to office on December 20, 2007. Before his appointment, Prime Minister Godmanis served as minister of the interior, and nearly two decades earlier, he took office as Latvia's first prime minister after reindpendence. His nomination by President Valdis Zatlers was something of a surprise, as he is affiliated with a small party of 10 deputies, ranking fifth in terms of size, belonging to the ruling coalition.

In contrast with 2007, there was somewhat less acrimonious turbulence and political conflict. The ebb and flow of democratic accommodation and dissonance continued unabated. While Prime Minister Godmanis received mixed reviews on his style and work performance, the coalition government maintained its cohesion despite many attempts by the opposition to criticize its policies and direction. The parliamentary opposition has been able to force certain issues but remains largely ignored by decision makers.

One of the major opposition parties, the New Era Party, endured serious discord in its ranks, and several of its deputies created a new party. Under the leadership of Sandra Kalniete, a former EU commissioner and foreign affairs minister, and Ģirts Valdis Kristovskis, a deputy of the European Parliament and former defense minister, the Civic Union Party was founded on April 26, 2008. This party is represented by six deputies in the Saeima (Parliament).

The four coalition parties have been surprisingly stable, but a major issue that could lead to strains concerns the reorganization of Latvia's local administrative boundaries. The Union of Greens and Farmers appears to be solidly opposed to these changes, which are planned to be in place by the June 2009 local elections. There is also serious discontent about the radical actions taken to reorganize Latvia's governmental ministries, taxation levels, and institution of drastic economic salvation plans.

Pressures for change have come from outside the government. In 2008, the Latvian Federation of Free Trade Unions launched a campaign to extend the power of the general electorate by allowing a recall of Parliament between elections. The federation successfully amassed over 200,000 signatures in the summer to initiate a referendum on the parliamentary recall. Despite overt criticism from coalition parties, and rather poor timing (the referendum was held on August 2, the peak of holiday season), 608,446 people voted in favor of the constitutional change and 20,456 against it.² The voting total reached 757,600 but failed to acquire the voter turnout needed to support the changes. However, as two-thirds of those who voted in the previous general election participated in the referendum, a formidable signal of public discontent was sent to the government, leading President Zatlers to mobilize Parliament to create a consensus for constitutional change.³

Indeed, these efforts focused on expanding the rights both of the president and of the electorate in calling for new elections. Eventually, the powers of the president were extended to dismiss Parliament in cases of gridlock, but coalition and opposition parties have diverged on the numbers required to validate a popular election call; the coalition is seeking half of all eligible voters, while the opposition maintains that half of the preceding national election turnout should be sufficient.⁴

The second referendum of the year was held on August 22 and concerned increases in pension payments and procedures. While the bar for this issue was much lower than for constitutional changes (453,730 votes were required), only 346,784 voted, with 3.4 percent opposed to the proposition.⁵ This referendum was organized by the Union for Different Politics, a new political grouping, together with several pensioner groups. According to Prime Minister Godmanis, the changes would have “fundamentally threatened the viability of the existing pension system.”⁶ Apparently, most nonpensioners agreed and did not participate. But the separation of the two referendums and the associated costs of holding two separate voting events do raise doubts about the neutrality of the election commission.

On October 1, 2008, Prime Minister Godmanis declared Latvia a “safe haven” in the midst of the world economic meltdown and its banks safe and unaffected by the surrounding storm.⁷ Thus it came as a shock when the Latvian government announced its purchase of 51 percent control of Parex Banka for initially 200 million lats (US\$400 million) but later almost double this amount.⁸ No parliamentary debates or public discussions preceded this sudden plunge into banking. Furthermore, very little media discussion has ensued, although many people are wary of the conditions of sale of the bank by the two leading oligarch owners, Valery Kargin and Viktor Krasovicki, who managed to transfer most of their property assets to offshore companies before the deal was made.⁹ Thus far, other larger banks, mostly Scandinavian- or German-owned affiliates, appear to be weathering the storm.

The People’s Party minister of finance, Atis Slakteris, originally initiated demands for a US\$3 billion loan from the International Monetary Fund. With increased perception of the seriousness of Latvia’s economy, this solicitation has escalated to over twice the original amount. Many Latvians recall the catastrophic

squandering of G24 loans during Prime Minister Godmanis' first mandate and are nervous about the vast possibilities of corruption that such a loan could entail.

Ironically, the People's Party criticized President Zatlers for spending too much time on constitutional matters and not enough on the economy. In response, President Zatlers came out with a statement blaming the People's Party for Latvia's economic unpreparedness and lack of an emergency fund. Moreover, his office pointed out that only the government, and not the president, had real power to deal with the economy. On November 15, 2008, in the midst of the global economic meltdown and serious strains in various sectors of the Latvian labor force, the coalition joined together to cut budgets with a final vote of 53 to 43.¹⁰

President Zatlers' speeches of unity and mobilization of citizens leading up to the celebration of Latvia's 90th birthday on November 18, 2008, provided a much needed sense of stability and group solidarity. Each year, an increasing number of republic inhabitants obtain Latvian citizenship. Indeed, 81.6 percent, or 1,857,508, were in this category on January 1, 2008. About 2 percent held foreign citizenship, and 372,421, or 16.4 percent, were "noncitizens."¹¹ People of Latvian ethnic origin form roughly 60 percent of the population. As more non-Latvians, especially the large group of Russian speakers, obtain the right to vote, their potential political weight increases. This weight is enhanced by the new Russophone focus on a single party—Harmony Center, which leads all other parties in the polls. As well, as more Russians become fluent in Latvian (about 60 percent claim such proficiency), they are better able to articulate and project their demands to Latvian authorities. In this changing context, Aivars Slesers, leader of the First Party—Latvian Way, and Mareks Segliņš, head of the People's Party, have indicated their willingness to cooperate with this Russian-oriented party in the future.

The Latvian military is integrated within NATO and is bound by many of the regulations of this organization, including the minimal 2 percent of gross national product spending on military affairs. Civilians have military oversight, as evidenced by the recent dismissal of the commander of land forces by Minister of Defense Vinets Veldre. The president is commander in chief of the armed forces. Beginning with 2007, Latvia became an all-volunteer military service, with the prestige of the military growing with increased pay and financing.

Electoral Process

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	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.

The last parliamentary elections were held on October 7, 2006, with the participation of 19 party lists with 1,027 candidates. The most far-reaching and

significant change was the effort to circumvent party spending limits by orchestrating financing of advertising by individual organizations under the guise of freedom of speech. The People's Party and Latvia's First Party led such initiatives, gaining many votes in the process. The voter participation rate, however, was significantly lower than in 2002, decreasing from 70.3 percent to 62.28 percent.¹²

The elections were closely observed by a delegation from the Organization for Security and Cooperation in Europe and the Office for Democratic Institutions and Human Rights. In their view, the election had been "administered transparently and professionally, and the campaign took place in a competitive and pluralistic environment."¹³

The People's Party was the perceived big winner with 23 seats, while the New Era Party, elected in 2002 with 26 seats, received only 18 seats. Of the seven winning parties, only these two were not coalitions. The seat distribution to other parties was as follows: Union of Greens and Farmers, 18; Harmony Center, 17; First Party-Latvia's Way, 10; Fatherland and Freedom, 7; and For Human Rights in a United Latvia, 6.

Latvian presidents are chosen for a term of four years by the Parliament and require 51 votes to be elected. On May 31, 2007, Valdis Zatlers, the coalition's candidate, won the presidential elections with 58 votes. Aivars Endziņš, the opposition's candidate, received 39 votes.

Latvia joined the EU on May 1, 2004, and became a participant in the third supranational level of elections, to choose 9 deputies out of a total of 732 for the European Parliament. Elections were held on June 12, 2006. Voter participation was relatively low for Latvia, but close to the overall average for the 25 EU states.

The next European Parliament elections will be held jointly with local government elections on June 6, 2009. The original municipal-level elections were planned for March, but concerns over expenses and the delayed local government reorganization prompted this combined initiative.

Civil Society

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
2.25	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75

Nongovernmental organizations (NGOs) are regulated and defended by the Latvian Constitution, the 1992 Law Concerning Public Organizations and Their Associations, and two subsequent laws on public organizations passed in 2003 and 2004. There have also been various middle- and long-term national programs outlining the duties of government in the strengthening of civil society. In particular, the Ministry of Special Issues and Social Integration has undertaken a leading role in dealing with NGOs, but the largest outlays are by the Ministry of Education and Science. At the same time, many ministries have paid only lip service to cooperation and have not taken any concrete steps to interact with relevant groups. In 2007,

most ministries halved their funds slated for interaction with NGOs, reflecting a perception of such activity as a “luxury.”¹⁴ Furthermore, Prime Minister Godmanis has expressed his interest in offloading certain state responsibilities to private organizations.

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 by foreign donors and have required a reorientation to self-sustainability. The Latvian government provides grants to specific NGOs as “seed money” for receiving larger EU grants and is especially generous to groups involved in providing greater ethnic cooperation and understanding. Other major funding by the state is achieved through its tax policy. Donations to groups designated as having “public benefit status” are 85 percent tax-deductible. About 1,000 groups received this status in 2008. Between 2004 and 2008, the NGO sector received 73 million lats (US\$146 million) from the state and 31 million from foreign donors, administered by the state.¹⁵ There are no unified rules for funding. Hence, every ministry determines its own priorities and rules of the game in this respect. Many groups compete for specific projects, but others are chosen for their outstanding record or simply out of tradition. Critics have pointed out that in many cases, the following unwritten rules for funding prevail: “connections, beautiful eyes, traditions, and political sympathies.”¹⁶

Because of haphazard state financing, NGOs depend on other sources of income. Ironically in view of decreasing engagement in public organizations, the total number of NGOs is increasing rapidly.¹⁷ There are almost 10,000 groups, with an average of 3 new groups created daily. The Riga region accounts for over 5,000 of these groups and Liepaja 600. Indeed, the farther the distance from Riga, the less dense the network of NGOs. Ludza, a city along Russia’s border, has only 2 organizations per 1,000 inhabitants.¹⁸

Evidence indicates that most NGO groups are led by women, and contrary to the geographic situation, the farther away from Riga, the greater their presence. A research study by Tove Linden, a political scientist from the University of Stockholm, praises the role of women in Latvia: “Among the social activists of Latvian civil society, a majority are well-educated women with Latvian citizenship. They know how to strengthen civil society, understand the political situation in the state, and have gained positive support by engaging in this work.”¹⁹ This estimation does not take into consideration the relatively limited representation of women in political and public decision-making bodies. Furthermore, the drought of funds in the NGO sector has meant fewer earning opportunities and, hence, an increased representation of women.

Latvian NGOs face many problems besides financing. Organizational capacity is low. Most NGOs are small groups composed of about two dozen individuals who often lack basic training in financial, legal, administrative, and public relations skills. They greatly depend on part-time volunteers who do not have the time or energy to plan and focus on long-term strategies. Even those organizations with paid staff often find themselves tied to specific projects rather than having a continuous source of personnel financing. As one activist claimed, this “Russian roulette” financing militated against long-term planning.

The Latvian Federation of Free Trade Unions gained much visibility after initiating the August 2, 2008 referendum on methods to recall Parliament between elections. In Latvia, 16 percent of workers are dues-paying union members. There are 160,000 members and 23 branches. About 80 percent are employed by the state or state-owned corporations, and somewhat over 20 percent work in the private sector. The federation was successful in preventing the quintupling of notary fees required to certify a signature for the introduction of petitions. Initiatives for policy changes by NGOs require 10,000 verified signatures that originally cost 1.97 lats (US\$3.94), but as a result of changes introduced in January 23, 2008, this fee rose to 10 lats (US\$20), and was later reversed.²⁰

The Latvian Federation of Free Trade Unions has also been officially included as one of three major negotiators in the Tripartite Union, together with the Latvian Employers Confederation and the government. This partnership was signed on October 1, 2004. In October 2008, the Tripartite Union agreed to raise the nontaxable personal income tax monthly minimum to 100 lats (US\$200).

Most of Latvia's professional groups such as doctors and policemen have their own representative organizations that deal with government and municipalities. Not all NGOs are satisfied with their role vis-à-vis the government. Sustento, a group representing people with special needs, claimed "ministries look upon NGOs as opponents, whose point of view must be countered, rather than listened to and used in future work."²¹

Independent Media

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.75	1.75

The 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, but such initiatives are costly and limited in scale. The mass media generally enjoy editorial independence, although certain news items may be difficult to obtain from government sources in spite of the Freedom of Information Act passed in November 1998. Several leading newspapers are available free of charge electronically and in print.

By 2007, almost all private Latvian-language media in the country had become foreign owned. Rupert Murdoch's company News Corp Europe has purchased the leading Latvian TV station, LNT, and 70 percent of TV5. The British-based Swedish company Modern Times Group (MTG) controls TV3 and the Russian-language 3+, as well as several radio stations, including Star FM. The major newspaper *Diena* is owned by the Bonnier Group, a multinational Swedish company. This company also controls about one-third of local papers and the Baltic News Service. The newspapers *Neatkarīga Rita Avīze* and *Vakara Zīnas* have been

controlled by the owners of Ventspils Nafta, an oil concern, but it appears that the ownership has also moved “offshore.” Another leading newspaper, *Latvijas Avīze*, is controlled through Ventbunkers, which in turn is under the direction of a foreign-owned corporation based in the Netherlands. The most watched and used Internet news source and interaction Web site, Delfi, was purchased by the Estonian Ekspress Grupp on August 2, 2007.

The Russian-language First Baltic Channel, a Baltic-wide television network based in Riga, and the leading Russian newspapers *Vesti Segodnya*, *Chas*, and *Telegraf* appear to be locally owned. Their limited audiences and profit margins have not yet enticed foreign firms to buy them out. *Telegraf*, however, was sold, and Janis Jurkans, a former Latvian minister of foreign affairs, is one of the new owners.

In October 2008, Latvia had over 10 different local television stations, and on average people spent nearly five hours a day viewing TV programs. Furthermore, of those aged 15 to 74, 85 percent watched TV daily. No major shifts in viewership share occurred during 2008. The Internet was accessed by 51 percent of the population aged 51 to 74, and 78 percent listened to radio at least every week, with 60 percent doing so every day. The Internet has become a major tool for purchases of tickets, services, and goods by 35 percent of the population. As in most countries of the world, the daily press has suffered a decline in readership; in Latvia, within one year, readership dropped from 47 to 41 percent of the population. However, the regional press and journals were able to maintain their customer levels.²²

Advertising in the press declined by 28 percent in September 2008 compared with the previous year, reflecting a worldwide trend. The majority of advertisers are multinational corporations such as Procter & Gamble and Coca-Cola.

In 2008, several controversial issues were connected to the media. A university lecturer from Ventspils, Dmitrijs Smirnovs, was arrested and held by security police for several days after expressing his views on the weakness of the Latvian currency and banks in the local *Ventspils Balss* newspaper during a November 21, 2008 roundtable discussion. Smirnovs claimed that the crisis in Latvia was only beginning and would be 10 to 20 times worse than in the United States. The catalyst precipitating his arrest was his suggestion that it could be dangerous for citizens to keep their money in banks and in lats. The arrest raised exaggerated claims that Latvia could slowly embrace the media regulation models found in Belarus, Russia, and China.

Some concerns were also expressed over the increasing presence of Russian serials on Latvian TV stations in 2008, often without the mandatory subtitles and the increased and systematic presence of anti-Latvian stereotypes. The chair of the Latvian Broadcasting Board, Abrams Kleckins, reacted to the criticism concerning this issue by stating that Russian serials were closer and more understandable to the Latvian mentality than those from Latin America. The shows included more recognizable traditions and understandable humor. He also pointed out that Russian serials are “fashionable,” but that fashions usually change over time.²³

Widespread criticism ensued as a result of the five-year monopoly contract given to Baltcom TV and its owner, Peteris Smidre, without competitive bidding.

Its purported aim was to test the viability and range of digital TV equipment but has raised charges of collusion and the advent of another “digitalgate.” Indeed, the equipment to be used is connected to the notorious “digitalgate” or “Kempmayer affair,” in which oligarch Andris Skele has been implicated. If Latvia switches to digital TV by 2012, other companies claim they will be disadvantaged and will not be able to compete on a level playing field. Serious discontent arose after the government announced a value-added tax increase on media products from 5 to 10 percent, to be implemented at the beginning of 2009.

Journalists in Latvia have almost no protection vis-à-vis their employers. Their unions are weak or nonexistent, and their remuneration is small and based on a low basic salary, with extra payments calculated per article or presentation. Many journalists are forced to “moonlight” at several jobs in order to survive. Veteran journalists typically earn a monthly average of only US\$900–1,000 before income taxes of 25 percent. Consequently, there is a large turnover of reporters. Many experienced reporters leave journalism to work in public relations firms and are replaced by an influx of young, inexperienced journalists who possess neither the time nor the acquired skills necessary to undertake major investigative initiatives. Encouragingly, there is tremendous competition to enter journalism schools. The glamour of this profession and the levels of public trust in the media are strong in Latvia.

Local Democratic Governance

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
n/a	n/a	n/a	n/a	n/a	2.50	2.50	2.50	2.25	2.25

In contrast with Estonia and Lithuania, Latvia has approved a Constitution that does not include the rights and principles of local governments, and the rectification of this omission has been one of the constant demands of the Union of Latvia’s Self-Governments. Nevertheless, Latvia has several laws that apply to municipalities, with the main legislation being the Law on Local Governments, passed on May 19, 1994, and amended more than 10 times since then.

Municipalities carry a heavy load of responsibilities. Their competences include primary and secondary education, most social assistance (except pensions and family care benefits), health care, water supply and sewage works, county roads, solid waste collection and disposal, and about one-fifth of all housing in Latvia for which they have legal title. Processes of governance vary according to the size of the municipality, but all are based on fundamental democratic foundations, which include openness of council and committee meetings and availability of their minutes, access to deputies and the executive by local residents, procedures for review of complaints and suggestions, public discussions, and audited annual reports or reviews of budget fulfillment, spending, assets, and activities. Citizens also have recourse to municipal elections every four years. Elections are free and democratic, with a turnout of 52.85 percent in the last elections, which were held on March 2, 2005. The next elections are slated for June 6, 2009.

In September 2007, the Latvian government approved the plan for territorial reform. The reorganization law, however, was finally passed 56 to 38 after eight hours of parliamentary debates on December 18, 2008. The very ambitious plan to squeeze Latvia's 530 local governments into 109 districts (*novadi*) and 9 republic cities may still be rearranged owing to fierce opposition from several dozen districts that refuse to be subsumed into larger units. Dozens have appealed to the Constitutional Court because they claim they were not adequately consulted.

The economic crisis has affected all local governments. Their basic budgets are dependent in large measure on personal income taxes. In January 2008, local governments were allowed to keep 80 percent of revenues collected from personal income taxes and will be allowed to collect 82 percent in 2009, partially to compensate the raising of the nontaxable minimum from 80 to 100 lats (US\$160–200). This will not, however, significantly improve the dire environment in a situation of a diminishing tax base. As a result, local governments have been forced to plan large deficit budgets. Riga, for example, has accepted a 6.2 percent budget deficit for 2009. The Riga governing body is particularly agitated by the 30 percent increase it will have to pay into the municipality “equalization fund,” aimed at compensating poorer districts, which will total over 68 million lats (US\$136 million) in 2009.²⁴ Not surprisingly, Riga has balked at growing assessments that larger numbers of out-of-town individuals contribute to the city's road congestion, partake of its infrastructure, study in Riga schools, and send children to the city's kindergartens. Some Riga city deputies have dubbed this “the robbery fund,” and many were opposed to paying “wealthy” districts, which they saw as “parasites.” They also criticized the unchanging contribution of the national government, 7.1 million lats (US\$14.2 million), when the city donation increased so dramatically.²⁵

Local governmental elections will require a 5 percent threshold for representation, according to legislation passed by Parliament at the beginning of October 2008. This will force local activists to coalesce around political parties. Furthermore, the new legislation increased the number of local deputies from 13 to 19, depending on population. The city of Riga, however, will have 60 deputies.²⁶ Riga is also involved in lobbying the EU in Brussels, where it has had an office since October 29, 2004.

Judicial Framework and Independence

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
2.00	2.00	2.00	2.25	2.00	1.75	1.75	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.

Administrative courts established in 2004 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 actions or inactions. The new courthouses outside of Riga have been built according to modern specifications and demands and should help expedite the load of cases that are now scheduled up to 2011. Along with new judges, each of the administrative regional courts will receive four assistant justices, four court proceedings secretaries, one general court secretary, a court manager, a translator, and an archivist.

The Latvian Constitutional Court has become a major lightning rod for those dissatisfied with public policy. Their perceived fair decisions over the last decade have created a reservoir of trust in this institution, reflected in many public opinion polls.

The European Court of Human Rights considers cases once they have wound their way through the Latvian court system. Several successful litigations against Latvia have sensitized the administration and court judges to the fundamental civil rights of the EU population.

The Office of the Ombudsman, established in January 2007, has also increased its visibility and is receiving more media attention. The office has a 2009 budget comparable to that of the Constitutional Court but one-third that of the Supreme Court. All three of these institutions avoided the 10.67 percent budget cuts aimed at state institutions.

In his annual report at the beginning of 2008, the head of the Office of the Ombudsman, Romans Apsitis, indicated that they had received 5,122 complaints (45 percent written and 55 percent verbal). The major complaint areas included the rights to living quarters, justice in courts, negative bureaucratic actions, lack of access to information, social security rights, discrimination, rights to property, and several other areas concerning incarceration. The office made 43 inspections of state and municipal institutions, and its employees participated in many educational and information initiatives.²⁷ The annual report is accessible by the public online at www.tiesibsargs.lv. Apsitis controversially suggested eliminating certain employment restrictions applied to noncitizens and was criticized by Minister of Justice Gaidis Bērziņš. As in most countries of the world, the Latvian ombudsman can only recommend changes, but Apsitis has indicated that most institutions have reacted positively to his suggestions.

The judicial system is being consolidated, and indeed, much has been done to raise the working conditions, support systems, salaries, and pensions of judges. If a decade ago candidates for the judiciary were difficult to find and the salary gap between private law practice and the bench was enormous, then in the last several years the scales between the two have narrowed significantly. There is now intensive competition for each opening in the judiciary, and the two-year probationary period has allowed for better long-term screening and more highly qualified candidates.

The world economic meltdown, however, forced the Latvian government to require a 10 percent decrease of salaries in all state institutions, while judicial salaries

were frozen until 2010, which has been seen as an assault on judicial power and independence. Newly elected chief justice of the Supreme Court Ivars Bičkovičs threatened to bring the matter to the Constitutional Court. In his view, the salary increase had been accepted in a special law negotiated with judicial representatives prior to the economic crash.

The overburdened Ministry of Justice is responsible for the wages of judges, administrative support staff, offices, and instruction on new laws and procedures. It experiences a high personnel turnover, including top ministers (since 1991, there have been 11 different ministers of justice, one of whom was appointed twice) and law students who depart once they have obtained their degree. Judges are not fully independent from the ministry, and in 2008, nearly half a dozen judges were punished for reasons including conflict-of-interest judgments and bribery.

The Latvian court system has made much progress, but problems still persist, including the dearth of Supreme Court justices and a large backlog of cases. More judges cannot be appointed owing to space limitations, but the Ministry of Justice is working to alleviate this problem. The increase in litigation by the population does indicate an acceptance of the rules of the game, despite the expressed distrust of courts. Meanwhile, new procedures and technological advances, including videoconferencing, the digital mailing of court decisions to litigants in certain courts, and the database of Latvian court decisions systematized by Lursoft and provided for a fee to clients, have led to increased efficiency.

The Latvian prison population has decreased in the last five years with the institution of new methods of dealing with lawbreakers (especially for young offenders), such as suspended sentences, probation, and parole systems. In 2007, more than 12,000 cases were processed by the probationary service. However, a high rate of pre-trial detention remains a problem. In January 2008, there were 6,548 people incarcerated in Latvia's prisons; of these, 26.6 percent were awaiting trial. Prisons have become breeding grounds for various diseases such as tuberculosis and AIDS. Indeed, one source claims that about half of all prisoners suffer from hepatitis C. New programs for prisoner employment and support systems for those discharged have been instituted. Large sums have been earmarked in the state budget for the modernization of prison facilities.

Corruption

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3.50	3.50	3.75	3.50	3.50	3.50	3.25	3.00	3.00	3.25

While the initial (fall 2007) counterblow to dismiss Aleksejs Loskutovs, head of the Corruption Prevention and Combating Bureau (KNAB), met with failure, the second attempt in June 2008 succeeded. The first effort to fire Loskutovs, spearheaded by former prime minister Aigars Kalvitis on September 24, 2007, was rescinded as a

result of widespread popular opposition. But in spring 2008, Prime Minister Ivars Godmanis and the coalition had found a new leverage point: Two senior managers of KNAB had illegally appropriated over 130,000 lats (US\$260,000) that were held in KNAB. While Loskutovs was the one to first report the theft and was in no way implicated, the coalition claimed that as head of KNAB, he should claim responsibility and resign or be dismissed. He was fired by Prime Minister Godmanis in June 2008, and his dismissal provided much of the antigovernment sentiment in the first referendum on August 2.

Prime Minister Godmanis initially promised a fair and open competition for a new KNAB leader but later decided the choice should be made in a closed session by “professionals.” Under great popular pressure, he relented and asked the Ministry of Justice to work out the required job profile criteria and vetoed participation by any existing members of KNAB. In spite of his public statement, Jura Strike, one of the deputy directors of KNAB, joined in the competition. A decision is pending.

Not surprisingly, Loskutovs believed that his dismissal had been politically motivated, and he has turned to the courts for redress. He revealed that prior to his appointment as head of KNAB in 2004, he was interviewed by the two leading Latvian oligarchs, Andris Skele and Aivars Lembergs, who apparently gave him their approval. Loskutovs then became the choice for the position, even though Jura Strike received a higher score from the nomination committee. Over the years, Loskutovs abided by his own sense of justice and in the process garnered increasing support from the population.

The activities of KNAB have continued unabated after the dismissal of Loskutovs. One of its most visible actions was the discovery of widespread corruption in the Riga City Council in October 2008. It has concluded that three city councillors be held criminally liable for adjusting building regulations in exchange for large bribes. The headlines in the KNAB portal for October and November indicate the thrust of their activities: “KNAB Suggests Starting Prosecution Against 12 Persons in Relation to Bribery at the Customs Checkpoint Terehova” (October 30); “KNAB Suggests Bringing Charges Against an Investigator of Financial Police and Four Businessmen in Relation to a 15,000 LVL Bribe” (October 28); “KNAB Detains a Prosecutor for Extorting a Bribe” (October 20).

In addition to pursuing lawbreakers, KNAB provided feedback and policy suggestions. In November, it reacted against amendments to the procurement legislation, claiming that it will “considerably increase corruption risks.”²⁸ It has commissioned a comprehensive public survey of attitudes to corruption that update the dynamic changes of thinking on this subject. It also reviewed legal draft projects (laws) and initiated draft projects connected to corruption control.

KNAB’s direct supervision by the cabinet, and especially the prime minister, remains a key weakness. In March 2008, the seated Supreme Court chief justice Andris Gulans suggested that this organization could be drawn closer to the court system as a special unit within the procuracy rather than the executive. KNAB itself has argued for greater independence of its bureau.

A bureaucratic confrontation has developed between KNAB and the State Revenue Service under the leadership of Dzintars Jakāns. Both state institutions have used the inconsistencies discovered in the “personal declarations of assets” required by all top-level state employees to harass members of the other jurisdiction. Ironically, both claim reluctance to undertake the general responsibility for checking these documents in the overall bureaucracy because of the time and resources required. In reality, only 2–3 percent of these declarations are ever perused more carefully unless there appears to be a suspicious conflict of interest or possible illegal accumulation of wealth. In March 2008, Prime Minister Godmanis noted that the turf war over the declarations had gone on too long and asserted his aim to resolve the issue by setting firm guidelines together with the minister of finance.

KNAB has noted that overt bribery has nearly disappeared but that increasingly sophisticated methods are being used. The bureau receives more and more information from the public, but its capacity to deal with this influx is becoming circumscribed by limitations of salaries, social guarantees, and sufficiently qualified staff.

KNAB is responsible for the overview of political party financing. It has required the People’s Party to repay over one million lats (US\$2 million) of overspending into the state budget, an action touted by some as one of the main reasons for Loskutovs’s dismissal. The People’s Party is appealing the decision at the administrative court, and its case is slated for review on June 9, 2010. KNAB has expressed concern that the existing laws do not allow for criminal investigations and criminal liability for illegal financing and acceptance of large-scale donations. On March 18, 2008, KNAB pointed out on its Web site that it “has drafted amendments to the criminal law aimed at broadening criminal liability for violation in the area of party financing.” Administrative liability would be applied for minor violations, but criminal liability would apply for serious violations.

The court case against oligarch Aivars Lembergs involving large-scale corruption and other unlawful activities was still in play at the end of the year. The media reported the reluctance of courts to take the case, passing it like a “hot potato” between Riga and Liepaja regional courts, each trying to avoid undertaking responsibility for it.²⁹ On September 2, 2008, the new head of the Supreme Court, Ivars Bičkovičs, assigned the case to Riga, where 45 of the 92 witnesses live. Similarly, the “digitalgate” case associated with friends of another oligarch, Andris Skele, is winding its way to justice after many calculated and accidental digressions.

The head of the Latvian Certified Advocate Council, Janis Grinbergs, suggested providing “amnesty” for people active in the promulgation of the independence of Latvia. The People’s Party had plans to review this suggestion, but the tremendous public outcry put an end to the scheme to “liberate” Lembergs and other oligarchs. In Latvia, as in the United States, the president has the right to declare amnesty for any felon. Given the leading role Skele played in appointing Valdis Zatlers president, the options have been left open.

■ AUTHOR: JURIS DREIFELDS

Juris Dreifelds teaches political science at Brock University in Ontario, Canada. He is an author on the Baltic area. His book Latvia in Transition was published by Cambridge University Press in 1996.

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