

Latvia

by Juris Dreifelds

Capital: Riga
Population: 2.3 million
GNI/capita: US\$16,010

Source: The data above was provided by The World Bank, *World Bank Indicators 2010*.

Nations in Transit Ratings and Averaged Scores

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electoral Process	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00
Civil Society	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Independent Media	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.75	1.75	1.75
Governance*	2.25	2.25	2.25	2.25	n/a	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	2.25	2.00	2.00	2.00	2.50	2.50
Local Democratic Governance	n/a	n/a	n/a	n/a	2.50	2.50	2.50	2.25	2.25	2.25
Judicial Framework and Independence	2.00	2.00	2.25	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Corruption	3.50	3.75	3.50	3.50	3.50	3.25	3.00	3.00	3.25	3.25
Democracy Score	2.21	2.25	2.25	2.17	2.14	2.07	2.07	2.07	2.18	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

As the Soviet experience retreats in the memories of even the older generations in Latvia, the idea of independence and membership in the European Union (EU) and NATO has become an unquestioned daily reality. While many Latvians may once have seen the wide gap in living standards between their own country and Western Europe as a consequence of the half-century-long, Soviet occupation, the younger and middle generations now blame corrupt politicians and incompetent state and municipal administrators. These leaders are also seen as responsible for the dire economic crisis that cost Latvia about 19 percent of its GNP in 2009, one of the steepest declines in Europe.¹ The country was forced to secure a loan of almost 5.27 billion lats (US\$10.5 billion) from the International Monetary Fund, whose austerity prescriptions led the government to cut salaries, welfare payments, pensions, and services. Only 5 percent of those polled in October 2009 felt that Latvia was moving in the right direction, with 85 percent expressing the opposite view.²

National Democratic Governance. The first two months of 2009 featured many signs of popular discontent. Relative stability prevailed after the resignation of Prime Minister Ivars Godmanis in February and the creation of a broader five-party coalition government under Valdis Dombrovskis in March. President Valdis Zatlers helped to push reforms through the Saeima (Parliament) by threatening to call early elections. Among his chief achievements was the Saeima's ratification, in April, of a constitutional amendment providing mechanisms for the popular dismissal of future Parliaments, one of the key issues raised during a referendum in 2008. President Zatlers also nudged legislators into passing several important laws, including one on criminal procedure that had become languished amid party disputes. *Due to the consistently solid performance of political institutions under extraordinary economic conditions, Latvia's national democratic governance rating remains unchanged at 2.50.*

Electoral Process. EU parliamentary and local government elections were held in June without any serious irregularities. The Corruption Prevention and Combating Bureau (KNAB) has the power to halt advertising by any party found to be breaking election rules, but no such violations were found. The voter turnout of 53.8 percent was high for EU Parliament elections, with just 41.2 percent participating in the first such elections in 2006. *Given the smooth and uneventful conduct of the voting, Latvia's electoral process rating remains at 2.00.*

Civil Society. The year's economic downturn seriously affected the financing of nongovernmental organizations (NGOs). In addition, the maximum tax deduction

for donations to registered “public good” organizations was lowered from 85 percent to just 15 percent. *However, over 10,000 NGOs were still considered active in 2009, and the professional and labor unions were especially successful in influencing legislation and interacting with decision makers. As a result, the rating for civil society remains at 1.75.*

Independent Media. The Latvian mass media still present a wide variety of opinions, but the significant decrease in advertising revenue during the year caused a great deal of turbulence in the sector. The doubling of the value-added tax on newspapers also had a major impact. The leading newspaper, *Diena*, was sold to business interests based in Britain, and proposed cuts of about 50 percent to editorial expenses triggered the departure of 14 top reporters and editors. The state-owned television and radio broadcasters also suffered large cuts in financing. Meanwhile, Internet use has grown, with almost 60 percent of Latvians using it regularly, and the new medium has allowed for widespread discussions and mobilization behind political and other causes. *Latvia’s rating for independent media remains at 1.75.*

Local Democratic Governance. After a decade of debate, the country’s municipalities were finally reorganized in 2009, reducing their number from 530 to 118. The June local elections proceeded smoothly, and the new municipal councils began their work under radically changed conditions. They appeared to cope relatively well, avoiding major upheavals and scandals. Municipal governments’ workload increased even as financing decreased, forcing them to cut back on services that residents had come to expect. A local coalition between a party representing Russian-speaking voters (Harmony Center) and Latvia’s First Party/Latvia’s Way in Riga represented the first political union between the country’s two main ethnic groups. *The rating for local democratic governance remains at 2.25.*

Judicial Framework and Independence. The judiciary performed well, despite budget cutbacks during the year. Its caseload has increased dramatically as a result of a more litigious society, meaning most cases in administrative courts take about 19 months to be heard. New administrative courts were opened in Jelgava, Valmiera, Rezekne, and Liepaja in 2009, enhancing access for local residents. The Saeima’s rejection of Maris Vigants’s appointment to the Supreme Court raised many uncomfortable questions. His nomination had been supported by the Supreme Court, the judicial vetting organ, and the parliamentary Judicial Committee. There was speculation that the vote in the Saeima stemmed from the judge’s previous call to arrest powerful Ventspils mayor and business magnate Aivars Lembergs in 2007. *The rating for judicial framework and independence remains at 1.75.*

Corruption. While all signs point to relatively limited corruption in the middle and lower levels of the government and courts, the upper echelons of politics appears to be tainted. KNAB is becoming more sophisticated in its anticorruption efforts and has accelerated its investigations, increasingly taking on high-profile suspects.

As a result, the bureau has become one of the most trusted organizations in Latvia. KNAB received a new leader in 2009 after eight months of delay, and its image continued to be burnished by widely publicized cases targeting top administrators of revenue services, customs, police, prosecutors, and state and city employees. *Given the combination of increased enforcement, new allegations, and some political resistance, the rating for corruption remains unchanged at 3.25.*

Outlook for 2010. The frustration associated with the economic downturn and cuts to incomes and services for most citizens will continue until a possible economic rebound, expected in late 2010. The positioning of political parties for October parliamentary elections will create a surge in mobilization around certain “wedge” issues, including the fear among ethnic Latvians that the more disciplined Russophone parties could form the next government. The country’s powerful business magnates, or “oligarchs,” appear to be on the verge of rejoining active politics, and Andris Skele of the People’s Party has already done so. Another oligarch, Aivars Lembergs, was considered Latvia’s most popular politician in September 2009, according to the polling organization Marketing and Public Resource Center.³

MAIN REPORT

National Democratic Governance

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
n/a	n/a	n/a	n/a	2.25	2.00	2.00	2.00	2.50	2.50

Latvia's political system continued to work within democratic parameters in 2009. However, the depth of the economic crisis, which began its most acute phase in January, fueled public anger and protests. On January 13, more than 10,000 people participated in a peaceful demonstration calling for reforms that would allow the dismissal of the Saeima (Parliament) by referendum. The gathering, while initially nonviolent, degenerated into riots led by a small group of stone throwers and looters. In February, about 1,000 farmers blocked Riga's access roads with their tractors. Most Latvians focused blame for the economic crisis on their own politicians and bureaucrats rather than the larger financial meltdown affecting much of the world.⁴ In mid-February, 64.3 percent of those polled said they would support the dismissal of the Saeima.⁵ Over the course of the year, residents' incomes were drastically cut, their taxes were raised, and the local government services they relied on were significantly pared back. Some 58 percent claimed that their family financial situation was bad or very bad, and only 2 percent said it was good.⁶

Responding to the public anger, on January 14, President Valdis Zatlers issued a list of six reforms to be undertaken by the ruling parties, warning that he would dismiss the Saeima and trigger early elections if the changes were not enacted by the end of March. The government also came under pressure from the 100-member Parliament itself; in a 51–40 vote, it survived a February 4 no-confidence motion initiated by the opposition. On February 20, Prime Minister Ivars Godmanis announced his resignation after two of the parties in his coalition, the People's Party and the Union of Greens and Farmers, unexpectedly indicated that they could no longer support the government.⁷

President Zatlers, after consultation with all parliamentary parties, nominated Valdis Dombrovskis of the New Era Party to be the next prime minister. New Era had previously been in the opposition. On March 12, the new government was endorsed by 67 deputies, including Godmanis' Latvia's First Party/Latvia's Way (LPP/LC), which had decided to leave the previous coalition and sit in opposition. The only factions to vote against the new cabinet were the two Russophone-dominated parties, which together garnered 21 votes. Over 60 deputies pledged to support the government in making "unpopular decisions" to cope with the economic crisis, and the new five-party coalition subsequently demonstrated a relatively high degree of solidarity, no doubt because of popular pressure.⁸ Indeed, on April 8, after much urging from President Zatlers, an overwhelming majority of 85 lawmakers accepted the procedure to dismiss future Parliaments by popular vote, one of the demands of a 2008 referendum that had been dismissed by the

Godmanis government. Under the new mechanism, signatures from 10 percent of the electorate can initiate a referendum to dismiss the Saeima. If the number of participants in the referendum is over three-quarters of those who voted in the previous national elections, and a majority of those voting favor dismissal, then the Saeima is automatically dismissed.⁹

Another major law, on criminal procedure, was finally passed on March 12 after receiving over 300 amendments during its lengthy gestation. Among other features, the new law grants prosecutors the authority to end cases against criminal suspects if they help to solve more serious crimes.¹⁰ The Saeima also passed an electoral reform that did away with the multiple listing of star candidates, known as “locomotives,” in the five multi-member parliamentary districts. In a final sign of cooperation within the governing coalition during the year, Finance Minister Einars Repse successfully guided the budget bill through Parliament on December 1.¹¹

Although most executive power is vested in the prime minister and cabinet, the president is autonomous and can spotlight policy issues. President Zatlers was a major player in Latvian politics in 2009, providing concrete goals for the government and conditioning public opinion on controversial topics. For example, he opposed the possible closure of the Ombudsman Office and supported the fulfillment of all promises made to the International Monetary Fund, such as progressive property taxation, the financing of political parties from the state budget, and ending the cabinet’s control over appointments for state controller, ombudsman, Corruption Prevention and Combating Bureau (KNAB), and the Constitution Protection Bureau (SAB), Latvia’s intelligence agency. The president also called two emergency cabinet sessions, which he chaired, and for which he determined the agenda. He used his privilege to oppose the passage of a public procurements law by taking it to the Constitutional Court, having vetoed it twice after the Parliament refused to amend it.¹² In 2009, President Zatlers proclaimed 407 laws and returned 4 for reconsideration to the Saeima.

The bureaucracy has long been the focus of widespread criticism. In 2009, the numbers and remuneration of civil servants were downsized significantly; there were 12,700 fewer state officials in mid-October than at the end of 2008. Their average monthly income before taxes decreased from 559 lats (US\$973.07) to 461 lats (US\$802.31), and the highest monthly income was capped at 2,852 lats (US\$4,962.07).¹³ Most of the councils and boards for state and municipal enterprises were also eliminated or reduced to bare minimums. Well-paying positions in these bodies formerly went to party supporters who were expected to divert part of their salaries to party coffers. The state administration and enterprises employ 205,000 people, or 9.3 percent of Latvia’s population. The cabinet decided in September, that by 2013, the share should not exceed 8 percent. In part, this could be achieved by transferring state enterprises to the private sector.¹⁴

Latvia has been criticized, especially by Russia, for not allowing noncitizens (mostly Russophones) to participate in elections and referendums. All those who have lived in Latvia for over five years and can pass minimal exams on language and history can obtain citizenship, but several thousand have not availed themselves of the opportunity. For some, citizenship could jeopardize their collection of two

pensions (one from Latvia and one from Russia). Nevertheless, the number of noncitizens is shrinking and now constitutes close to 16 percent of the population; about 2 percent hold foreign citizenship. Russophone voters have been very active, focusing their support on the Harmony Center Party. Presently, it is the single most popular party in Latvia, and received the highest percentage of votes in the Riga municipal elections, giving it the right to name Nils Usakovs as mayor. Ainars Slesers, of the LPP/LC, has formed a coalition with this party in Riga, bridging the ethnic political divide, at least at the municipal level.

Access to government information is widespread. Because of budget cuts, direct broadcasts of Saeima proceedings have been stopped, but verbatim records continue to be printed. Web sites are available for all ministries. The directives and planned agendas of cabinet meetings are also available online.

In the Saeima, almost all deputies are subject to party discipline, but several individuals have bucked party pressures. Currently there are eight parties represented in the chamber, as well as five independent deputies who have left or been pushed out of their parties. The Saeima has 17 committees that deal with details of legislation and are composed of representatives of all parties in proportion to their standing in the Parliament as a whole.

The Latvian military is integrated with NATO and bound by many of the organization's regulations, including the military spending minimum of 2 percent of GNP. The civilian president is the commander in chief of the armed forces. Beginning in 2007, Latvia's military became an all-volunteer force. Its prestige has grown with increased pay and financing, but cutbacks associated with the recent economic crisis have stirred widespread discontent among officers.

Democracy has been established in Latvia, which is now considered a model for other former Soviet republics in attuning national legislation to EU standards. Despite the low levels of public trust in Latvian political institutions, there is a general acceptance of the legitimacy of national authorities.

Electoral Process

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00

Elections to the Saeima are held every four years. Deputies are elected proportionally from party lists in five multi-member districts. In the last elections, held in October 2006, parties sought to circumvent campaign spending limits by orchestrating the financing of advertising through separate organizations. While this garnered many votes for some parties, the overall turnout of 62.3 percent was significantly lower than the 70.3 percent reached in 2002.

The elections were closely observed by a delegation from the Organization for Security and Cooperation in Europe (OSCE). In their view the polls were "administered transparently and professionally, and the campaign took place in a competitive and pluralistic environment."¹⁵

The People's Party led the voting with 23 seats. The New Era Party was seen as the main loser, dropping to 18 seats from 26 in 2002. The other five parties that won representation were the Union of Greens and Farmers (18 seats), the Harmony Center (17), the LPP/LC (10), Fatherland and Freedom (7), and For Human Rights in a United Latvia (6).

Latvian presidents are chosen by the Parliament for a term of four years and require 51 votes to be elected. Valdis Zatlers, the governing coalition's candidate, won the May 2007 presidential election with 58 votes, while opposition candidate Aivars Endzins secured 39 votes.

Latvia, which joined the EU in 2004, held its first European Parliament elections in June 2006, choosing 8 of the body's 732 members. The second European Parliament elections were held concurrently with municipal voting in June 2009. Of the 16 parties vying for representation at the European level, only 6 were successful. Turnout was 53.8 percent, up from 41.2 percent in 2006. The Civic Union party led the voting with 24.3 percent and hence two of the eight seats. The Harmony Center garnered 19.6 percent and two seats, and the remaining four parties secured one seat each.

The local elections took place in the 118 newly created municipalities, and the turnout represented a slight increase from the 52.9 percent achieved in 2005. In total there were 11,196 candidates from 737 separate lists. The biggest surprise occurred in Riga, where the Harmony Center received 34.3 percent of the vote. It was able to name its candidate to the mayoralty by forming a coalition with the LPP/LC, which took 15.1 percent. The Central Election Commission received complaints about irregularities in several districts, but found that these were not significant.¹⁶

Under electoral law changes affirmed by the president on January 15, no political campaigning is allowed a day before, or on, election day. All advertising has to indicate the political candidate or party behind it. Also, all parties must indicate to KNAB how they plan to organize preelection campaigning. If the bureau observes transgressions, it can cancel the party's right to advertise, subject to appeals to administrative district courts. Critics point out that the law has not adequately lowered the high ceiling for election spending by parties.¹⁷

Among other changes initiated in 2009, former Soviet-era, security service "technical workers" now have the right to run as candidates. In addition, a party's star candidates can no longer be listed in more than one of the five electoral districts in Saeima elections.¹⁸

Civil Society

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75

Nongovernmental organizations (NGOs) are regulated and protected by the 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 mid- and long-term national programs outlining the duties of government in the strengthening of civil society.

The consequences of the economic crisis, including the deep cuts in government services and wages for various state employees, such as teachers and medical personnel, resulted in deep popular frustration that surfaced throughout 2009. The January 13 demonstration in Riga's Domas Square, organized by the Latvian Labor Association to demand the right to fire the Parliament, sent a powerful message that contributed to the formation of a new government a few weeks later. It also became a catalyst for the constitutional changes that were adopted in April. Strikes by various professional groups, including protests by farmers who used their tractors to block city access roads, became a common feature of early 2009. Other citizens chose to send petitions to the president, the Saeima, and the prime minister. Students protested the closing of many rural schools by lighting symbolic campfires throughout the country. The police union chose to bring its case to the European Court of Human Rights after Latvia's Constitutional Court refused to review its grievance. Another group called for a "flash mob" in front of the Parliament building to protest cuts to state radio and television financing.

While demonstrations abounded, the typically more effective work of established NGOs suffered several major blows. As of July 1, the available tax deduction for donations to registered "public good" organizations was reduced from 85 percent to 15 percent. Moreover, the financial setbacks for most private companies resulted in dramatically smaller donations. About half of the donations go to sports organizations, including professional hockey and basketball teams, which at least one critic argues, should not be considered "public good" organizations. In July, Latvia had 3,380 "public good" organizations, of which 1,142 had the right to receive donations with the attendant tax benefits. The largest shares of these were involved in social welfare and charity work (31 percent), but the second-largest group was dedicated to sports (15 percent).¹⁹

NGOs' close cooperation with lawmakers and political leaders was visible during the year. In May, the prime minister and other officials joined journalists, NGO representatives, and scholars for a "town hall" discussion of ongoing governance reforms. The Saeima held its third annual forum with NGOs in mid-September, and over 90 representatives from about 60 organizations participated. The NGOs were also invited to attend discussions about the allocation of EU funds. Indeed, as it stands, only 8 of 130 EU funding programs are open to NGOs.²⁰

Individual ministries have also worked out cooperation agreements with NGOs. The Ministry of Welfare, for example, has plans to include several specific groups in all the phases of decision making. Among the largest of the 67 participating groups are the Latvian Employers' Confederation, the Latvian Free Labor Union Federation, the Latvian Pensioner Federation, and the Local Government Union. Similar memorandums of understanding were drafted by the Ministry of Interior. Although these consultations are extensive, some NGO participants have complained that politicians do not always heed their recommendations and concerns.²¹ Nevertheless,

in one sign of successful lobbying, pressure from environmental NGOs helped prevent the abolition of the Ministry of the Environment.

Ethnic minority groups have been active in recent years, especially in opposing the closure of smaller schools. According to a 2009 study by Providus, NGOs rarely cross linguistic lines. Most Latvian NGOs are politically oriented, while Russophone groups tend to focus on their own communities.²² One common bonding mechanism devised to unify thousands of individuals and groups is the annual *talka*, in which common people, lawmakers, and the president collect garbage and clean up parks, beaches, and waterways all over Latvia.

Latvian NGOs face many problems besides financing. Organizational capacity is low, and most groups are composed of about two dozen individuals who often lack basic training in financial, legal, administrative, and public relations skills. They are dependent on volunteers who do not have the time or energy to pursue long-term strategies. Even paid staff are often supported by funds for specific projects rather than a continuous source of personnel financing. This “Russian roulette” style of funding, as one activist described it, militates against long-term planning.

Independent Media

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.75	1.75	1.75

The media enjoy editorial independence and are free to disseminate information and views, restricted only by libel considerations and the pressures of the market. Investigative journalists pursue sensitive topics, including government waste and corruption, but such probes are costly and limited in scale. Newsworthy information is sometimes difficult to obtain from government sources, despite the 1998 Freedom of Information Act.

Almost all private, Latvian-language media outlets are now foreign owned. The leading Latvian television station, LNT, and another major station, TV5, are controlled by the U.S.-based News Corporation. Sweden's Modern Times Group owns TV3 and the Russian-language 3+, as well as several radio stations. The newspapers *Neatkarīga Rita Avize* and *Vakara Zinas* are controlled by the owners of the oil firm Ventspils Nafta. Another leading newspaper, *Latvijas Avize*, is held through Ventbunkers, which, in turn, is under the direction of a foreign-owned corporation based in the Netherlands. And the most popular Internet news site, Delfi, is owned by Estonia's Ekspress Grupp.

The major newspaper, *Diena*, which was owned by the Bonnier Group, a multinational Swedish company, was sold in July after years of financial difficulties. An initial lack of clarity on the identity of the buyers led to suspicions that Russian money was involved, but it was eventually reported that Britain's Rowland family had acquired the paper through a Luxembourg-based investment fund. *Diena* also controls about a third of the local papers, the business publication *Dienas Bizness*, and the Baltic News Service. Over a dozen leading journalists and editors at the

company quit or were fired in mid-October. Those who left claimed that the newly proposed business model for *Diena* entailed cutting editorial expenses by over 50 percent.²³

Latvian media suffered a number of economic blows during 2009, with daily newspaper consumption decreasing by 6 percent and advertising sales dropping by 42 percent in the first half of the year.²⁴ The state raised the value-added tax from 5 percent to 10 percent, and it was set to increase again to 21 percent in 2010. A continuing problem is the high cost of newspaper deliveries outside the main population centers; the postal service has pressed for higher subsidies from the state budget for this purpose. Newspapers have also suffered due to competition from the Internet, which is used regularly by 57 percent of the population.²⁵

The state-financed television and radio broadcasters faced a 60 percent cut in subsidies during the year. Latvia has one of the lowest rates of financing for public media in Europe, providing only €8 (US\$11.00) per person, compared with an average of €130 (US\$95.00) in Western European countries.²⁶ The most popular radio station, Latvia Radio 2, with an average audience share of 27 percent, was set to be leased to private concerns.

The mass media are the most trusted institutions in Latvia, but they have witnessed a decrease in public confidence. A poll by the Marketing and Public Resource Center in August, found that 41 percent of respondents were skeptical of the objectivity of news in the mass media, a significant increase from August 2007, when 27.7 percent felt this way.²⁷ At the same time, an analysis of media in Latvia concluded that there were fewer cases of intolerance reflected in their news and analyses.

Journalists in Latvia have almost no job security or protection from employer abuses. Their unions are weak or nonexistent, and their remuneration is based on a low salary with extra payments for each article or presentation. Veteran journalists typically earn about US\$900 to US\$1,000 per month before income taxes of 26 percent. Consequently, many reporters are forced to moonlight at other jobs, and there is significant turnover, with experienced journalists often leaving to work for public relations firms. Despite these problems, the profession retains its glamor, and there is tremendous competition to enter journalism schools.

Local Democratic Governance

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
n/a	n/a	n/a	n/a	2.50	2.50	2.50	2.25	2.25	2.25

In contrast to Estonia and Lithuania, the Latvian constitution does not lay out the rights and principles of local government. Municipal activists have pressed for the rectification of this omission. Nevertheless, Latvia has several laws that apply to municipalities, principally the Law on Local Governments, which was passed in 1994 and amended more than 10 times since then.

In 2009, after more than a decade of debate, Latvia's local government system underwent a major overhaul. More than 530 small local units were reorganized into 109 municipalities and 9 cities, creating a certain amount of confusion as long-standing local bonds and practices were terminated. The councils for the 118 new units were elected on June 6. Two weeks before the elections, only 37 percent of voters knew the boundaries of their new municipalities and how the new governments would work.²⁸ The councils had to decide the location of their new headquarters, merge the budgets of the smaller local governments they replaced, and issue new local ordinances. The national government also had a heavy workload associated with the changes, including the amendment of 169 cabinet decrees and numerous rulings by various ministries.²⁹

The economic crisis has had a debilitating impact on the budgets of local governments. Calculations in March indicated a shortfall of 27.7 percent.³⁰ Moreover, some local government administrators claimed that the municipal reforms had increased the bureaucracy and workload while slowing the speed of decisions.³¹

The Latvian Local Government Union has developed into a very effective defender of municipal rights and issues. Its leader, Reinis Jaunsleinis, has headed the organization for over 10 years and was reelected in 2009. Almost all local governments are members of the group.

The responsibilities of municipalities 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 stewardship of about one-fifth of all housing in Latvia. 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 freely available minutes; voter access to council members and executive officials; procedures for review of complaints and suggestions; public discussions; and audited annual reports or reviews of budgets, spending, assets, and activities. Citizens also have recourse to municipal elections every four years.

Judicial Framework and Independence

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
2.00	2.00	2.25	2.00	1.75	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 the authorities and the general population. Latvians are guaranteed equality before the law, but not all have equal access to justice in practice. Over 80 percent of litigants in civil cases act without the help of lawyers, yet state legal aid is made available in all criminal cases.

Latvia has a network of 35 district and city courts, 6 regional courts, and a Supreme Court. Most cases are overseen by a single judge and a recording secretary in the first instance. Complex criminal cases and some cases involving property, patent

rights, insolvency, and monetary claims exceeding 150,000 lats (US\$261,000) are initiated in regional courts. The Supreme Court, with 47 justices, is divided into two separate judicial bodies: the Senate and the Supreme Court Chambers.

In January, new administrative courts in four regional locations (Liepaja, Valmiera, Rezekne, and Jelgava) began their work. 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. Previously all such cases were decided in Riga. The new facilities will improve access for those who do not live near the capital. Each new court was intended to have 4 judges and 12 support workers, but due to budget constraints the Valmiera court will have 2 judges and the other courts 3 each. The administrative courts have experienced a tremendous boom in cases since they were first established in 2004. As a result, there is at least a 19-month waiting period for cases to be heard. About one-third of first instance decisions are appealed, and the reviews are heard only in Riga. In 2008, the lower administrative court registered 4,195 cases, the regional court 2,515, and the Senate (administrative section) 843. Administrative court judges have created a union to advance and protect their professional interests.³²

The Constitutional Court has become an important recourse for those dissatisfied with public policy. Its decisions over the last decade have largely been considered fair, creating a reservoir of public trust in this institution. In December, the court overturned the government's pension policy, which had decreased pensions by 10 percent (for the period from mid-2009–12) for retired recipients and by 70 percent for pensioners who worked.

The European Court of Human Rights also considers cases after they have made their way through the Latvian court system. Several successful suits against Latvia before the court have sensitized the administration and Latvian judges to the provisions of the European Convention on Human Rights.

The judicial system is being consolidated, and much has been done to improve the working conditions, support systems, salaries, and pensions of judges. In the last several years, the salary gap between lawyers in private practice and judges has narrowed significantly. There is now intense competition for each judicial opening, and the two-year probationary period has allowed for better, long-term screening of candidates.

The economic crisis forced the government to cut judges' salaries to 73 percent of the previously planned levels, and a salary cap fixed their maximum pay at a level comparable to that of prime minister.³³ At year's end, the judges challenged the cuts in the Constitutional Court.

In most instances judges are appointed in a relatively fair manner. In October, however, the Saeima's rejection of a Supreme Court nomination led to a widespread debate about appointment procedures. The lawmakers voted in a secret ballot, 43 to 26 with 14 abstentions, to negate the appointment of a relatively young (born in 1975) administrative court judge, Maris Vigants, to the Supreme Court. The decision went against the recommendations of the Judges Qualifications Collegium,

the Judges Self-Governing Institution, the chair of the Supreme Court, and the parliamentary Justice Committee. The justice minister, the president, the Supreme Court, and many others were outraged. The most damaging claims held that the vote had been arranged at the behest of Ventspils mayor and business magnate Aivars Lembergs, for whom Vigants had issued an arrest warrant in 2007.³⁴

The Ministry of Justice is overburdened, and with the new budget constraints it will have trouble retaining its workers. For many years, the ministry has experienced high personnel turnover, especially among law students who depart when they have obtained their degrees. The ministers in charge are also frequently changed. Since 1991, there have been 12 different justice ministers.

The court system still suffers from a dearth of Supreme Court justices and a large backlog of cases. More judges cannot be appointed because of space limitations, though the Ministry of Justice is trying to alleviate this problem. Moreover, the increase in litigation by the population indicates an acceptance of the rule of law and a growing confidence in the court system. Courts are learning new procedures and utilizing technological advances to increase efficiency. Video conferencing has been allowed; the electronic dissemination of court decisions to litigants has begun in certain courts; and a database of Latvian court decisions can be accessed for a fee.

The prison system faced a 30 percent budget cut in 2009, even as the inmate population rose to 7,070, in March, up from 6,567 a year earlier.³⁵ The Office of the Ombudsman also faced a difficult year. Its budget was cut by 57 percent, and there was serious talk of liquidating the institution. The incumbent ombudsman, Romans Apsitis, faced an open letter in July in which a group of recently unionized employees claimed he was ineffectual. The ombudsman received 3,603 complaints in 2009, compared to 4,936 in 2008.³⁶ As of the end of October, it employed just 39 people.³⁷ It is tasked with an incredibly broad range of responsibilities, handling cases on civil and political rights, social and economic rights, criminal law, discrimination prevention, children's rights, and good governance.

Corruption

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3.50	3.75	3.50	3.50	3.50	3.25	3.00	3.00	3.25	3.25

A 2006 report by respected specialist on corruption in Latvia, Valts Kalniņš Kalnīns, described the country as "slowly becoming similar to several Western European states, where the civil service and court system are relatively noncorrupt, but politics is corrupt." Kalniņš observed, "Improvements are occurring in the justice environment and in the state bureaucracy, but in the political arena I do not see any visible improvements." He also noted that if KNAB became a greater threat to political corruption, it would receive a "counterblow." Indeed, while Prime Minister Aigars Kalvitis failed in his 2007 attempt to dismiss the head of KNAB, a second attempt, by Prime Minister Godmanis in June 2008, succeeded. Not surprisingly, the sacked official, Aleksejs Loskutovs, argued that his dismissal had

been politically motivated. Prime Minister Godmanis appeared to be in no hurry to replace Loskutovs, and after the January 13 demonstrations in Riga, the president directed the government to appoint a new KNAB chief.

During the eight-month interregnum, several influential figures suggested that the bureau be disbanded or merged with security agencies purportedly to save money. According to Loskutovs one of the main supporters of such a move was the People's Party, led by the oligarch Andris Skele. Another proponent was Aivars Borovkovs, the head of the lawyers' association, Juristu Biedriba, and a member of the consultative council of KNAB who has often been seen as a "kingmaker" in Latvian politics. The prosecutor general, Janis Maizitis, countered that KNAB "will be needed for a long time yet."³⁸ Support for KNAB by President Zatlers and the majority of the population forced the political leadership to act. On March 12, the Saeima confirmed the appointment of Normunds Vilnitis, a lecturer at the Latvian Police Academy with institutional experience in combating narcotics trafficking and organized crime. The incumbent deputy chiefs remained in place, providing the bureau with much-needed continuity and popular credibility.

Despite its lack of a permanent chief for eight months, KNAB continued its activities unabated. One of its most visible actions was the discovery of widespread corruption in the Riga city council in October 2008. It concluded that three city councillors should be held criminally liable for adjusting building regulations in exchange for large bribes. The monthly tally of activities listed on the bureau's Web site shows that it is quite prolific. It has expanded its activities in educating the public about corruption, held regular meetings with state and local government officials, and joined the government and Parliament in preparing more effective laws to minimize corruption. The economic crisis, however, appears to have increased the willingness of businessmen to circumvent the stringent demands of competitive state procurements.³⁹ Separately, KNAB was responsible for checking the legality of political party financing before the June 2009 elections. It had been given the power to delist any party found in contravention of the rules. In the end, no serious breaches in this regard were reported.

Vilnitis and President Zatlers argue for the increased independence of KNAB from the political process, especially with respect to the prime minister and cabinet, who have direct responsibility for and power over the bureau. Vilnitis has pointed out the contradictory nature of this relationship: "Foreign experts have concluded that the cabinet must check those who are checking them." According to Vilnitis, the biggest obstacles to more efficient work by KNAB are the reticence of the public to come forward with their observations of corruption, and the limitations of inadequate financing. KNAB's 2009 budget was 2.57 million lats (US\$4.47 million) compared with 3.65 million (US\$6.36 million) in 2008.⁴⁰

KNAB has worked out a long-term program for 2009–13 that lists 74 tasks to be implemented in order to cut corruption risks. The plan includes changes in all state and municipal institutions. In addition, new guidelines have been developed to determine legitimate lobbying activities, and measures have been prepared to protect whistleblowers.

Corruption and state malfeasance are closely monitored by Providus, a public policy center sponsored by the Soros Foundation, and the EU-financed Delna. Both organizations also follow, and if necessary, criticize the activities of KNAB. The semiannual report on corruption financed by the European Commission and supported by Providus has become a very influential document. Its main editor is Valts Kalniņš.

Despite the enmity shown toward KNAB by Latvia's oligarchs, the bureau has continued to gain widespread respect and, more importantly, seems to have engendered a degree of fear among many corruption-prone individuals.

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