Latvia

by Juris Dreifelds

Capital: Riga
Population: 2.3 million
GNI/capita, PPP: US$17,610

Source: The data above was provided by The World Bank, World Development Indicators 2011.

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* 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

The global economic crisis hit Latvia harder than most countries, resulting in a two-year GDP decline of 25 percent and unemployment at close to 20 percent. Latvia’s economy was kept afloat by a 2008 International Monetary Fund (IMF)-administered loan package worth LVL 5.27 billion (US$10.5 billion). Job losses and painful cuts in most state services and salaries fomented stress and discontent throughout the country. Nevertheless, the coalition government of Prime Minister Valdis Dombrovskis steadily pursued austerity measures, without encountering large-scale popular resistance. The well-run parliamentary elections of October 2 saw the ruling coalition reelected.

National Democratic Governance. The stability of the Dombrovskis government allowed the ruling coalition to continue its work to the very end of the parliamentary term. In the face of debilitating economic circumstances, the government pursued difficult austerity measures. The reelection to Parliament of the coalition-member parties with a larger majority reflected the approbation of an increasingly mature electorate. Owing to the consistently solid performance and normalization of democratic politics under dire economic circumstances, Latvia’s national democratic governance rating improves from 2.50 to 2.25.

Electoral Process. Latvia’s October 2 national parliamentary elections received a positive evaluation by Organization for Security and Cooperation in Europe monitors. The OSCE noted the sound conduct of the elections, including the Central Electoral Commission’s administration of the elections in a transparent and professional manner and that campaigning had been free from undue pressure or media bias. Owing to the smooth administration of the 2010 elections and broad participation in them by candidates, parties, and voters, Latvia’s electoral process rating improves from 2.00 to 1.75.

Civil Society. Close to 12,000 nongovernmental organizations (NGOs) participated in Latvian civil society in 2010 despite decreased financial resources. Donations to recognized “public good” groups benefited from the reinstatement of the 85 percent deduction on taxes, thus encouraging giving. Major umbrella organizations representing labor, business, ethnic groups, agriculture, religion, and the environment became more active and received increased attention from politicians. Owing to the purposeful and successful activities of NGOs, Latvia’s civil society rating remains steady at 1.75.

Independent Media. Latvia is served by a vast array of media sources in two languages. Changes in the ownership of Diena, the country’s leading newspaper,
and the purchase of prominent television stations LNT and TV5 by acquaintances of Latvian oligarchs raised initial concerns, but their objective performance during the elections helped to subdue popular anxiety. Internet penetration is at 68 percent, and whistleblower Web sites and “Wikileaks”-style revelations made frequent headlines. Revenues from advertising have increased substantially since 2009. Latvia's independent media rating remains unchanged at 1.75.

Local Democratic Governance. The newly reorganized 118 local municipalities (down from 530 in early 2009) adjusted to their expanded responsibilities and population bases during 2010. However, less than one-third of the population reported experiencing any changes after the major governance reorganization, and the minimal presence of municipal reporting in the media reflected a lack of new initiatives at the local level. Nevertheless, local governments continue to enjoy much higher popular trust than the institutions of the national government. Latvia's local democratic governance rating remains unchanged at 2.25.

Judicial Framework and Independence. The Latvian judiciary was able to retain its salary levels after a decision by the Constitutional Court prevented government-initiated cuts in 2010. The generation of judges educated in the Communist era is almost gone, replaced by young candidates with more Western-liberal values and practices. Efforts were made to reduce lengthy delays in resolving court cases by balancing caseloads among the various regions, and through the introduction of modern technology such as video conferencing. Latvia's judicial framework and independence rating remains unchanged at 1.75.

Corruption. The nation’s economic crisis tested the honesty of many government workers and businessmen. While the basic institutional building blocks for corruption control have been successfully established in Latvia, powerful oligarchs and criminal elements continue to obviate these legal barriers. The government’s respected Corruption Prevention and Combating Bureau (KNAB), which has an eight-year track record of successful, high-profile prosecutions, suffered from a growing internal crisis in 2010. Most of the bureau's employees distrust the new KNAB director, Normunds Vilnitis, and have expressed deep concerns regarding his proposed reorganization plans. Some even suggest that his true goal is to reduce the establishment’s capacity toward the subsequent liquidation of the institution. Owing to strains and internal squabbles within the state corruption-fighting bureau, Latvia’s corruption rating declines from 3.25 to 3.50.

Outlook for 2011. Latvia has survived an extraordinary economic crisis, and new growth figures portend increasing confidence and expanded employment. The election of a new government has raised hopes about the country’s future development. At the same time, economic frustrations have prompted many to leave Latvia in search of work. The presence of a powerful Russophone party in opposition may exacerbate ethnic relations in the country.
Latvia entered 2010 with a 22.9 percent unemployment rate, the highest in the European Union (EU), and a GDP still 25% lower than it had been in 2008. The country was approved for a LVL5.27 billion IMF-administered loan package in 2008, although it had borrowed only LVL 3.084 billion by the end of 2010. Under these circumstances, pundits predicted that the country’s democratic system would spend the year paralyzed by fighting between various political factions and subsequent parliamentary gridlock. Instead, relative stability in national politics and steady attention to the serious problems at hand reinforced Latvia’s democratic credentials. As a result, the country has even been touted by some as a model for other economically struggling states, such as Greece.

A five-party coalition headed by Prime Minister Valdis Dombrovskis received the support of the Saeima (parliament) on March 12, 2009 and maintained it until the end of its mandate in October 2010. This achievement was even more remarkable after the People’s Party exited the coalition on March 17, 2010, leaving the government in control of just 47 out of 100 parliamentary seats. Five ministerial positions formerly held by People’s Party members suddenly had to be filled from within the ranks of the existing coalition or by other, non-elected experts, which severely disrupted continuity in the relevant ministries. A minority government was formed by the remaining parties: New Era (Jaunais Laiks), Civic Union (Pilsoniska savieniba), the Union of Greens and Farmers (Zala un Zemnieku Savieniba), and All for Latvia–For Fatherland and Freedom (Visu Latvijai–Tevzemei un Brivibai/ LNNK).

Although Prime Minister Dombrovskis’s popularity slowly increased during the year, almost all parties plummeted in public opinion. The only exception was the main opposition party Harmony Center (Saskanas Centrs), which captured a leading position in the pre-election polls and effectively mobilized its predominantly Russophone constituency in anticipation of the October elections. In reaction, three Latvian parties created an electoral alliance, Unity (Vienotiba), to run under one banner in the elections in October, with Unity placing first and Harmony Center second.

The post-election government, formed on November 3 and once again headed by Prime Minister Dombrovskis, was composed of two, separate party alliances—Unity and the Union of Greens and Farmers—with the combined support of 55 parliamentary deputies. These two fragile alliances are composed of eight separate factions. Although sitting in opposition, the eight-member National Alliance coalition promised support to Dombrovskis and his policies in the future. The
Russian-dominated Harmony Center and the oligarch-dominated For a Good Latvia remained in opposition.

A 2009 Eurobarometer poll revealed discouragingly low levels of trust in Latvia’s key state structures. Only 2 percent of those surveyed claimed to trust political parties, 6 percent trust the Saeima, and 9 percent trust the Latvian government. More trust was given to the Latvian legal system (26 percent), regional or local public authorities (41 percent), the European Union (44 percent), the Army (44 percent), and NATO (46 percent). The Saeima, in particular, witnessed a rapid decrease in public trust during 2010. According to one senior deputy, the passing of controversial but necessary laws and the presence of ineffectual individuals in ministerial positions, caused serious public concern about the parliament’s long-term stability.

President Valdis Zatlers is empowered to appoint the Prime Ministerial candidate, who then must be ratified by the Saeima. The president can check the power of parliament and return laws for greater clarification or for perceived serious flaws. The Saeima, however, can override the presidential veto by a simple majority. In contrast to 2009, President Zatlers became less of a political activist and more of a “father figure,” providing a sense of stability and continuity in 2010. His regular travels within Latvia and town hall meetings in the furthest reaches of the country garnered positive reviews. President Zatlers’s term will expire in July 2011, but he could be reelected for a second term by an absolute majority of Saeima deputies.

The election of 57 new parliamentary members in 2010 (leaving just 43 members from the old Saeima) has created the potential for new approaches to overcoming the tremendous economic and social problems facing Latvia. Many of the newly-elected Saeima members appear committed to improving the image of parliament. In the event that parliament demonstrates disregard for the popular will, it will be subject to a new mechanism, introduced in 2009, to allow dissolution of the Saeima by popular referendum.

The Latvian military is integrated with NATO and bound by many of the organization’s regulations. The 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 stirred widespread discontent among officers.

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Latvia holds elections for the national, local, and European parliaments, and the President of the Republic is elected by the Saeima. National elections to the 10th Saeima (parliament) were held on October 2, 2010. All five parties to overcome the five-percent threshold were alliances or conglomerations of pre-existing parties,
including nearly all the winners from the 2006 election. Only the Russophone-based party—For Human Rights in a United Latvia—was squeezed out entirely. The three major victors were Unity (which won 31.22 percent of the vote, and 33 seats), Harmony Center (26.04 percent, and 29 seats), and Union of Greens and Farmers (19.68 percent, and 22 seats). The lowest number of seats (8), went to For a Good Latvija, a union between the previously formidable People's Party (TP) and Latvia's First Party (LPP). These two parties had been previously guided by two Latvian oligarchs, Andris Skele (TP) and Ainars Slesers (LPP). It is noteworthy that 87 of the deputies from the 9th Saeima were listed, but only 43 were elected to the 10th Saeima.

In total, 1,238 candidates represented by 13 parties or alliances competed in the elections in 5 electoral districts. The turnout of 62.62 percent was similar to 2006 but significantly less than in 2002 (71.36 percent), 1998 (71.9 percent), and 1993 (89 percent). The elections were well run, with no major transgressions by participating contenders. In contrast to the overspending scandals of election campaigns in 2006, especially by the People's Party, all parties remained within allowable spending limits in 2010.

The national parliamentary elections were the first to be held following the passage of several new electoral regulations in January 2009. Political campaigning is no longer allowed the day before or on election day. All advertising must indicate the responsible political candidate or party. Also, all parties must indicate to KNAB, the state anticorruption bureau, how they plan to organize pre-election campaigning. If the bureau observes transgressions, it may cancel the party's right to advertise, subject to appeals to administrative district courts. Among other changes initiated in 2009, former Soviet-era security service "technical workers" now have the right to run as candidates.

The October 2010 elections also differed from previous parliamentary polls in that multi-district candidacy (overlap) was not allowed. In effect, popular leading figures ("locomotives") could no longer run in more than one district, which forced parties to significantly increase their number of candidates. The Latvian nongovernmental organization Electoral Reform Society had advocated for this change.

Observers from the OSCE Office for Democratic Institutions and Human Rights concluded that the Latvian parliamentary elections “generally met OSCE commitments and international standards for democratic elections, as well as domestic legislation...the election process provided voters with the opportunity to make a free choice among candidates presenting different political alternatives.” The OSCE also noted that Latvia's Central Electoral Commission had administered the elections transparently and professionally and that campaigning had been free from undue pressure or media bias.

As in previous elections women were a minority of those elected into office. Only 19 women were elected, a number similar to the previous two elections. Harmony Center did not elect a single woman; by contrast, Unity had 11 women deputies. All deputies are elected for four-year mandates, with elections to the
Saeima held every four years. Elections to the presidency also take place every four years; the next ones are scheduled for July 2011.

### Civil Society

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Nongovernmental organizations (NGOs) in Latvia 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 middle- and long-term national programs outlining the duties of government in the strengthening of civil society. Latvia’s rating in the NGO Sustainability Index (NSI) has held constant during the last decade, with highest marks received for “advocacy,” “legal achievement,” and “infrastructure,” and the lowest marks assigned for “financial viability” and “public image.”

The economic recession has had the effect of stimulating Latvia’s NGO sector, with NGOs forming as a response to the growing needs of their communities. At the same time, the June 2010 NSI report showed that an increasing number of NGOs sought information on how to terminate their activities due to the dramatic decrease in funding and support from economically traumatized sectors of society.9

Although Latvia’s NGOs still struggle to obtain full public and governmental support, strong and viable advocacy organizations have evolved over the past two decades, especially in the fields of business, local government, agriculture, labor, environment, gender equality, and religion. There are five permanent state-supported resource centers for NGOs in Latvia, with additional centers providing information on funding opportunities, legal issues, and technical support.

The Civic Alliance-Latvia, for example, unites over one hundred organizations and members to help represent group interests to state institutions and international organizations. It also cooperates with state officials to create and implement various programs. In June 2010, the NGO organized a successful symposium on “Possibilities and Challenges of Civil Society in Latvia” that included representatives from NGOs, government authorities, and employer and worker associations. The symposium was addressed by both Prime Minister Valdis Dombrovskis and the Director of the State Chancellery, Gunta Veismane.

The attention displayed at this symposium from top political and government leaders suggests a growing respect accorded to NGOs in Latvia. As society and politicians seek support to meet the widespread problems caused by the economic crisis, the status of organizations with similar goals has grown. Moreover, the new electoral mechanism allowing citizens to recall parliament has chastened politicians, making them far more sensitive to popular demands. Political parties made substantial efforts in 2010 to publicize their high regard for civic movements. For
example, the City of Riga organized several civic forums to tap into new ideas and invite feedback. In 2010, the government reversed its 2009 decision to reduce the maximum tax deduction for donations to registered “public good” organizations from 85 percent to 15 percent.

One of the most visible Latvian NGO events in 2010 was the Great Cleanup Day, which mobilized over 100,000 volunteers, including the president, to collect trash in forests, beaches, waterways, and rural farming areas; the action was organized by Project Footprints (Pedas) and For Clean Forests (Tiriem meziem). Other visible events included the organizing of pre-election debates and meet-the-candidate forums, as well as get-out-the-vote mobilization efforts. The Voting Reform Society (Velesanu reformas biedrība) had great success in improving several voting laws. Latvia has been the beneficiary of joint Norway, Iceland, and Liechtenstein grants of several million dollars dispensed to 160 projects through two NGO funds.

Another major focus of the Latvian civic sector is ethnic group integration, development, and defense. There are associations for Georgians, Arabs, Roma, Poles, Ukrainians, Jews, and several dozen other minority ethnic groups. The Russian group has become particularly active. Almost all ethnic groups receive support from the Latvian Fund, which provides annual grants of Euro 650,000 (US$943,000) for integration initiatives aimed at increasing understanding and cooperation between the country’s ethnic and religious communities.

In previous years, Latvian citizens’ engagement in the civic sector has been less pronounced. A summer 2010 poll of Riga residents regarding their participation in civic activities during the previous three years found that just 12 percent of respondents could remember having contacted parliamentary deputies, ministers, or civil servants directly. In the same poll, 13 percent of respondents claimed to have joined NGOs or engaged in volunteer work; 12 percent had participated in pickets, demonstrations, strikes, and meetings; and 13 percent said they had publicly expressed their opinions about social political issues on the Internet or in the mass media.9

### Independent Media

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Latvia generally has a dynamic and competitive media sphere. Outlets generally cater to one of the two main linguistic communities, with only minor overlap between the Latvian and Russian audiences. Much of the population is also able to view international programs via television or the Internet.

Media independence in the country is limited largely by libel considerations and market pressures. There was a dramatic shift in media ownership in 2010, precipitated by the steep decline in advertising caused by the economic crisis. The leading Latvian newspaper *Diena* (Day) and its various media holdings were sold by the Swedish-based Bonnier Group in July 2009 to Britain’s Rowland family.
In August 2010, 51 percent of this media conglomerate was purchased by the wealthy Latvian businessman and sports enthusiast Viesturs Koziols, whose close friendship with the oligarch Ainars Slesers had raised concerns about the paper's neutrality. However, during the fall election campaign, Slesers' political party, PLL, apparently did not receive markedly more positive coverage than its competitors.

The other major change in the media sphere involved the leading Latvian television stations LNT and TV5. These broadcasters were previously owned by the U.S.-based News Corporation but sold in March to Neatkarigie nacionalie mediji (Independent National Media), a group composed of LNT managers headed by Andrejs Ekis, founder and former chair of LNT and the PLL party. Ekis was involved with Latvian oligarch Andris Skele in a questionable scheme to acquire state assets dubbed “digitalgeita,” and after many years the case has still not been resolved in the courts. During the pre-election period LNT organized nine debates by candidates of the five leading parties.

In September 2010, LNT claimed the largest share of TV viewers—16.7 percent (its sister station TV5 garnered 3.9 percent). Sweden's Modern Times Group, which controlled TV3, came in second with an audience of 14 percent (and its Russian language station 3+ with 4.3 percent), followed by the Russian language RBK with 11 percent, the state-controlled LTV1 with 7.5 percent, and its sister station LTV7 with 4.7 percent. The average daily TV viewing time was 5 hours and ten minutes in 2010.

The newspapers Neatkariga Rita Avize and Vakara Zinas are controlled by the owners of the oil firm “Ventspils Nafta.” Latvijas Avize, the newspaper with the highest circulation, is held by VentiBunker, a foreign-owned corporation based in the Netherlands. The most popular Internet news site, Delfi, is owned by Estonian Ekspress Grupp. Other popular news sites are TVNet, Apollo, and those maintained by the major newspapers. Internet usage has increased in Latvia from 57 percent in 2009 to 67.8 percent in June 2010.

The Latvian equivalent of “Wikileaks” was published in February when the mathematician Ilmars Poikans (alias “Neo”), working at the University of Riga, accessed over 7.4 million documents from the state Revenue Service. His media accomplice, Ilze Nagla, presented the salary data in media programs that critiqued state policy. After forced salary cuts of over 20 percent and dismissals of many lower-level state employees, the leaks gave actual figures of the bloated salaries still received by senior managers. Consequently, Nagla’s home was raided by police, who confiscated records and computer files, leading to a major scandal and the media grilling of Interior Minister Linda Murniece. The International Press Institute denounced the police action, and a May 2010 poll found that the leaks were judged positively by 79 percent and negatively by only 5 percent of those surveyed. Another journalist and cyber-whistleblower, Lato Lapso, created a website to publicize corrupt or unethical activities, including sensationalist revelations about the shocking spending habits of Latvia’s oligarchs and their families.

In 2010, the most trusted media in Latvia were radio (80 percent), followed by magazines (73 percent), newspapers (72 percent), Internet (71 percent), and
TV (65 percent). Media ownership is not transparent, however, and in October a former parliamentary deputy recommended that a law should be passed revealing the true, direct and indirect owners of all media. This proposal was precipitated by Saeima deputy and journalist Silva Bendrate’s public revelation that 13 years earlier she had bought the popular regional radio station “Kurzemes Radio” with funds from the oligarch Aivars Lembergs.

Citing the economic crisis, Latvia’s government has nearly eviscerated funding for public service television and radio, which have always suffered from political pressure. As a result, public-media journalists were expected to juggle more functions with a consequent decrease in program quality. The expected increase of the value added tax on media from 10 to 21 percent was delayed until the end of 2010. Another obstacle facing print media was the decision by the Latvian Post Office to stop Saturday deliveries. A more positive development was the resurgence of media advertising after a debilitating drop of 46 percent in 2009. From September 2009 to September 2010, television advertising grew by 20 percent, while press and radio advertising grew by 5 and 4 percent, respectively.

Journalists in Latvia have little job security or protection from employer abuses. Unions are weak or nonexistent, and journalist remuneration is low, with veteran journalists typically earning only about US$900–1,000 per month before income taxes of 26 percent. Consequently, many reporters are forced to moonlight in 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 appeal, and there is tremendous competition to enter journalism schools.

While reporters are generally safe and free from harassment in Latvia, one troubling case stood out in 2010: in April, Grigorijs Nemcovs, a journalist, businessman, and politician, was shot twice at close range under murky circumstances. His newspaper, Million, was the largest regional Russian-language publication and known for its investigations of government corruption.

### Local Democratic Governance

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In contrast to other Baltic E.U. member states, Latvia’s constitution does not lay out the rights and principles of local government, though municipal activists have pressed for the rectification of this omission. Latvia does have several laws that apply to municipalities, most notably the Law on Local Governments passed in 1994 and amended more than 10 times since.

The responsibilities of municipalities include primary and secondary education, social assistance (with the exception of pensions and family care benefits), healthcare, water supply and sewage works, country 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 meeting minutes; voter access to council members and executive officials; procedures for review of complaints and suggestions; public discussions; and audited annual reports and reviews of government budgets, spending, assets, and activities. Citizens also have recourse to municipal elections every four years.

In 2010, Latvia’s municipalities were still adjusting to their expanded responsibilities following the reorganization of more than 530 local units into 109 municipalities and 9 cities in 2009. They were also adjusting to changes in leadership and administrative cadres, ushered in by the June 2009 elections that closely followed the redefinition of municipal units. The new heads of local governments were faced with budget decreases of 20–30 percent as a result of the shrinking pool of resident income and other taxes and non-tax revenues.

A survey in May 2010 found that 61 percent of people did not see any changes in the workings of their local government since the reorganization, 13 percent believed that it had worsened, and 3 percent felt that it had improved (the remaining 23 percent were “not sure”).17 In 2010, groups of four to a dozen of the new formations began to cooperate in the organization, location, or construction of educational, cultural, and sports facilities. In order to streamline their resident support systems, six of the major cities and several districts instituted one-stop services, with over half of all districts following suit.

The Latvian Local Government Union has become an 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.

In the past, a major problem has been the politicization of self-governments and the biased division of funding by the central government to districts, ruled by their respective political parties. With the recent changes in political fortunes, self-governments are now arguing for de-politicization and financing based solely on need. Municipal governments are seen to be more responsive and accessible than the central government. As a result, in fall 2009 local governments received much higher ratings of trust—41 percent, in contrast to 6 percent for the Saeima and 9 percent for the central government.

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Latvia’s constitution provides protection for fundamental political, civil, and human rights. On the whole, these are respected by the authorities and 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.
Polls show that Latvians have slightly higher trust in their court system than in the Saeima, the government, or political parties. Nevertheless, the perception of courts is overwhelmingly negative. One of the key factors affecting the image of the courts is the long waiting period for judgments. Most cases are heard within a year, but there have been instances of delays of up to five years.

In 2010, attempts were made to remove some of the obstacles to timely rulings. Routine matters, such as uncontested divorces, were diverted to notaries. Another initiative involved the modernization of court equipment and infrastructure. The Swiss government together with the Latvian Court Administration began bringing in technology-based solutions to the backlog, including the installation of audio- and video-conference equipment in courtrooms and prisons. Standard court procedural documents will become available online, and litigants will be able to convey and receive documents to and from the courts by electronic means. The Swiss project will invest about US$9 million and aims to finish installation by 2012.

After more than a decade of false starts, in 2010 the judicial system finally acquired a self-rule organization after the Saeima accepted amendments to the law “On Judicial Power” on June 3. The Council of Justice (Tieslietu Padome)—a 15-member collegial institution, made up of 8 ex-officio and 7 elected members with 4-year mandates—seeks to depoliticize the judiciary while developing and enhancing the policies, strategies, and organization of the judicial system. Political representation within this organization will come from the Minister of Justice and the Saeima’s Legal Affairs Committee chair. Despite a high level of general enthusiasm for the project, the Council has not received any separate financing and is expected to depend on the already strained budget of the Supreme Court.18

During the year, the newly selected Minister of Justice, Aigars Stokenbergs, proposed the balancing of caseloads between various regional courts. Additionally, he expressed a determination to introduce uniform salary systems for judges, resolve problems in Latvian prisons, and rationalize the piecemeal valuation of properties now used for residence and building taxes.19

The government decreased the salary of judges by 15 percent in July 2009, which received widespread publicity and criticism in 2010. The Constitutional Court deemed this an unlawful form of government interference in judicial independence and ordered the decrease to be cancelled. Starting in 2011, judges’ salaries will grow according to their original contractual plan, which some officials criticized as excessive. The average judge’s salary is just under US$5,000 per month, while the President of Latvia earns less than US$4,000 monthly.

The Constitutional Court received increased its public support when it reversed the government’s cutting of all pensions by 10 percent and called for restitution of funds withheld so far. This forced the authorities to repay large sums that had been part of their plan for financial restructuring as agreed with the IMF. The media debated whether the rulings opened the possibility for other groups whose salaries were cut, including police, teachers, firemen, and even mothers with allowances.
Latvia’s twelve prisons, which are old and dilapidated, are a source of ongoing concern. In men’s prisons, 20 to 30 inmates are crowded together into a single space, creating many internal conflicts. The unofficial language inside many prisons is Russian, with Latvian inmates often forced to adjust to the “unwritten laws” of prison communication. The prison system has witnessed a dramatic drop in its budget allowance from LVL 36.8 million (US$73 million) in 2008 to LVL 20.5 million (US$41 million) in 2010. As a result, there have been cutbacks in food supplies, heating, construction of new prisons, and guard wages. At the end of 2009, Latvian prisons held about 7,800 inmates. In 2010, for the first time, 4,726 inmates with Latvian citizenship were given the right to vote, and 3,802 actually voted.

The Prosecutor General’s Office is scheduled to undertake several large and important cases implicating some of Latvia’s most visible oligarchs, such as the Ventspils case (Aivars Lembergs), Parex Bank case (Valerijs Kargins and Viktors Krasovickis), and digital TV case (Andris Skele).

In light of these plans, the government’s failure to reappoint the widely respected Procurator General, Janis Maizitis caused significant controversy. Over 70 deputies were believed to be in favor of the reappointment, but after demanding a non-traceable special secret ballot, Maizitis lost 45 to 47. A new procurator, Eriks Kalnmeiers, was nominated and appointed by the Saeima. Rumors that oligarch Aivars Lembergs’s secret parliamentary stipends were responsible for the decision were widespread. Ultimately, the new Minister of Justice, Aigars Stokenbergs, appointed Maizitis as his key advisor, rendering the controversy moot.

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In a January 2010 poll, 90 percent of Latvians surveyed claimed that they had not paid bribes in the previous 12 months (only 6 percent admitted to doing so). However, 22 percent of respondents claimed to know others who were involved in various forms of bribery or graft. Latvian businessmen have admitted publicly that there is a practice of trying to change taxation or other laws with an average payment costing about LVL 60,000 (US$122,400).

Since the beginning of the economic crisis, Latvia has become increasingly vulnerable to the influence of a small group of oligarchs. A number of these—most notably Aivars Lembergs and former Prime Minister Andris Šķēle—have been subjects of repeated or ongoing corruption investigations by Latvia’s Corruption Prevention and Combating Bureau (KNAB).

In the past, KNAB was praised for successfully weathering attacks on its integrity by powerful and corrupt individuals. According to a report produced by one of Latvia’s leading corruption analysts, the greatest challenge facing Latvia’s anti-corruption efforts in coming years will be to stop and reverse the damage.
inflicted on KNAB by the political assaults of the 9th Saeima and the reorganization efforts of KNAB’s new leader, Normunds Vilnitis.

The negative reaction of KNAB officials and employees to Vilnitis’ plans and management style was the subject of much media attention in 2010. Vilnitis, a former lecturer at the Latvian police Academy, was chosen by Prime Minister Godmanis in March 2009 to replace the extremely popular Aleksejs Loskutovs, who was widely credited with KNAB’s biggest successes. Loskutovs’s dismissal in June 2008 followed allegations of irregularities in KNAB’s accounting, but was believed to be politically motivated. The dismissal was spearheaded by the People’s Party, founded by Andris Šķēle.

During the year, three members of KNAB’s executive and the head of the organization’s union signed a memorandum claiming that “Vilnitis has turned against the majority of bureau workers who have rightfully fulfilled their work duties” and that his decisions threaten KNAB’s transparency and effectiveness. Twenty-eight of KNAB’s 142 employees had left the organization by the end of 2010. According to the Baltic News Network, “The last year’s actions and decisions of KNAB Director Normunds Vilnitis create an impression that his true goal is to reduce the establishment’s capacity, which would subsequently lead to actual liquidation of the institution, believe [KNAB] employees.”

Conflicts within KNAB appear to have damaged the organization’s prestige, both internally and among the general public. A November 2010 poll found that 37 percent of respondents view KNAB positively, while 39 percent perceive it negatively and 24 percent have no opinion. The deputy chief of KNAB, Juta Strike, one of the chief critics of the present bureau director, received a 36 percent positive and an 18 percent negative rating. Vilnitis, on the other hand, was judged positively by just 14 percent of respondents and negatively by 30 percent.

Despite conflicts within the organization, KNAB’s anticorruption efforts received considerable publicity in 2010. The biggest story of the year was the arrest of five top directors of Latvia’s state-owned electricity company, Latvenergo—along with a group of private businessmen and officials—for bribery, embezzlement, and money laundering. Headlines were made again when the mayor of Latvia’s premiere seaside destination, Jūrmala, was arrested for allegedly attempting to bribe a city council member before a no-confidence vote he was projected to lose.

Some still hope that changes in KNAB will be offset by a genuine commitment to fighting corruption within the newly-elected Saeima. Several leading deputies from the Unity (Vienotiba) alliance have strong anticorruption credentials. These include former KNAB director Loskutovs, world-renowned corruption specialist Rasma Karklina, and Lolita Cigane of Transparency International Latvia (a.k.a. Delna). The poor electoral showing by “For a Good Latvia,” the newly created umbrella party affiliated with two of Latvia’s oligarchs, Andris Skele and Ainars Slesers, is also indicative of change. During the campaign, “For a Good Latvia” spent more money than any other party, but ultimately received fewer votes than any of the other winners. This may reflect a new sophistication among voters, who are influenced less and less by manipulative campaign rhetoric.
The new, activist parliamentarians will also receive investigative support from two effective NGOs. Corruption and state malfeasance are closely monitored by Providus, a public policy center, and Delna. In addition to investigating corruption in public life, both organizations also monitor, and if necessary, criticize the activities of KNAB. The semi-annual report on corruption financed by the European Commission and supported by Providus has become a useful document for experts in the field.

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10 “51% a/s Diena nopircis Slesera draugs Viesturs Kozioľs” [51% of Diena shares bought by friend of Slesers, Viesturs Kozioľs], Diena, 5 August 2010, http://diena.lv/lat/business/


