

**North Atlantic Treaty Organization**

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**LATVIA TOWARDS EUROPE:  
INTERNAL SECURITY ISSUES**

**Final Report**

**The preparation of this Report was made possible through a NATO Award.**

Rīga, 1999

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## Introduction

The security of small countries has been a difficult problem since ancient times. Now, when the Cold War has ended and Europe has moved from a bipolar to a multipolar system, when the communist system in Eastern Europe has collapsed and the Soviet empire has disintegrated – processes which have led to the appearance of a series of new and mostly small countries in Europe – we are witnessing a renaissance of small countries in the international arena.

Since regaining independence Latvia's general foreign policy orientation has been associated with integration into European economic, political and military structures where full membership in the European Union (EU) is the cornerstone. The issue has been one of the most consolidated and undisputed on the country's political agenda. Latvian politicians have stressed the country's wish to become a member state of the European Union. On October 14, 1995, all political parties represented in the Parliament supported the State President's proposed *Declaration on the Policy of Latvian Integration in the European Union*. On October 27, Latvia submitted its application for membership to the EU. A year later, in December 1996, the government of Latvia adopted *The Latvian National Program for Integration into the European Union*. A special action plan was immediately elaborated after receiving the European Commission's statement in August 1997. All Latvian governments since regaining independence have supported the country's movement to integration and the process of democratic and economic reforms implemented by the Latvian government with the aim of creating a modern and democratic state has been always politically associated with integration into the EU.<sup>1</sup> Both a general goal of integration and particular strategies adopted by various institutions to reach this goal are experiencing an overwhelming general consensus in Latvian society. At present there is no significant political force in Latvia questioning this strategic aim. Moreover, the concept of Latvian foreign policy, delineated by the Latvian government and accepted by the Parliament (Saeima) in 1995, states "that accession to the EU is a vital opportunity for survival of the Latvian state and people".<sup>2</sup>

Latvia's security and defense problems emanate from the fact that this small country is located directly next to a possible source of external stability to the East (what's more, that particular source of instability is trying very hard not to lose its influence in its neighboring countries, and especially in Latvia). The country's non-specific status forces it to seek out security and defense solutions in close cooperation with Western countries. Among these efforts is the desire to join the European Union and NATO. Common values, democracy and a striving for welfare – these are the factors that dictate Latvia's orientation toward Western democracies. A third factor is the internal development of Latvia itself – the ability and will of the country to promote the strengthening and development of its security.

The Baltic Sea region today is a meeting place for many different organizational and national interests: NATO, European Union, WEU, Nordic, Baltic, Russian and Polish (thus also, Central European) interests. In this context, security cannot be seen as a “wide” concept, involving “hard” security – arms control, security and confidence building measures, “deterrence” and defense – as well as “soft” security problems – environmental challenges, economic and trade concerns, but also narcotics, smuggling, and organized crime, refugees and human right issues. The most obvious challenge common to all Baltic Sea states is posed by the environment, the threats to the Sea itself.<sup>3</sup> As the situation today, Baltic security is the result of combination of networks, organizations, multi- and bilateral arrangements as well as national efforts.

The decision by the EU Commission not to recommend that accession negotiations be begin with Latvia in 1998, is largely also a political decision tied to the EU institutional reform impasse, Latvia's bank crisis and resultant devastating blow to the country's economic growth nevertheless played a decisive role in favoring only one Baltic country – Estonia – to be included in the first EU enlargement round. The external factors of security are intrinsically linked to developments in Latvian society, which must be reorganized completely so as resemble the Western democratic welfare state based on market economy.

Although at the international level we are seeing a demilitarization of international relationships and an increase in the variety of security factors (political, economic, societal and environmental factors are becoming increasingly important as the significance of military factors recedes), it is still very important for any country to analyze its situation, the potential way in which events may develop, and the

country's own interests so that the state can find the optimal route toward security without ignoring any of the factors that have been mentioned here. Otherwise the costs in terms of national security can be severe indeed. None of the factors can be developed in isolation from the others. Security in any of these areas is a pre-requisite for overall security. Furthermore, the security environment is not static, it changes all the time, so the factors are subordinated to various occurrences that create changes, as well as reciprocal activity among the factors.

When it comes to security issues, most researchers focus on military and external security. The goal of this particular research project is to look at several aspects of internal security: ethnic, cultural, social, economics, etc.

## **1. The basic aspects of a country's security**

First of all we must look at the conceptual aspects of security. The idea of security and the need to ensure security – this is something that dates back to the earliest days of civilization itself. The predominant understanding of security today has acquired new additional elements beyond the traditional and fundamental concept of military security. Over the course of time many researchers have sought to find a clear and precise definition for security:

Jozsef Balazs: “International security is determined basically by the internal and external security of the various social systems, by the extent, in general, to which system identity depends on external circumstances. Experts generally define social security as internal security. Its essential function is to ensure the political economic power of a given ruling class, or the survival of the social system and an adequate degree of public security.”<sup>4</sup>

Penelope Hartland-Thunberg: “[National security is] the ability of a nation to pursue successfully its national interests, as it sees them, anyplace in the world.”<sup>5</sup>

National Defense College (Canada): “[National security is] the preservation of a way of life acceptable to the ... people and compatible with the needs and legitimate aspirations of others. It includes freedom from military attack or coercion, freedom from international subversion and freedom from the erosion of the political, economic and social values which are essential and potential adversaries.”<sup>6</sup>

Richard Ullman: “A threat to national security is an action or sequence of events that 1) threatens drastically and over a relatively brief span of time to degrade the quality of life for the inhabitants of a state, or 2) threatens significantly to narrow the range of policy choices available to the government of a state or to private, non-governmental entities (persons, groups, corporations) within the state.”<sup>7</sup>

Arnold Wolfers: “Security, in any objective sense, measures the absence of threats to acquired values, in a subjective sense, the absence of fear that such values will be attacked.”<sup>8</sup>

As we can see, these definitions emphasize specific aspects that supplement one another. Therefore, it is quite difficult to produce an all-encompassing definition of security – one that would be appropriate in any and all instances.

Usually security is divided up into three levels – individual security, state or national security and international security. National security is the central issue, because it has a dominant influence on conditions that specify security at the other two levels. At the same time, however, a state cannot exist if it is not in harmony with the other two levels.

Returning to security factors or sectors, we must note again that the end of the Cold War led to the development of a series of objective factors that resulted in a reduction in the identification of national security with the military sector. The current way in which events are moving and developing under the influence of the process of globalization is making us devote more attention to resources, environmental protection and demographic issues. Recently there has been an expanded approach toward the influence of criminal and cultural factors on security. Be that as it may, however, we must still concentrate on five sectors of national security – military, political, economic, societal and environmental.

Barry Buzan described the sectors of security analysis as follows: Military security concerns two-level interplay of the armed offensive and defensive capabilities of states’ perceptions of each other’s intentions. Political security concerns the organizational stability of state, systems of government and the ideologies that given them legitimacy. Economic security concerns access to the resources, finances and markets necessary to sustain acceptable levels of welfare and state power. Societal security concerns the sustainability, within acceptable conditions for evolution, of traditional patterns of language, culture and religious and national identity and custom. Environmental security concerns the maintenance of the

local and the planetary biosphere as the essential support system on which all other human enterprises depend.<sup>9</sup>

It is important to emphasize that we cannot perceive these five factors as completely separated one from the other. Rather, they must be seen as areas that overlap in part, engage in consistent reciprocal activity, and are always mutually dependent. The development and dynamics of various political processes in one of the sectors cannot be viewed independently of the overall context. Depending on the time frame and the political context that are at hand, we can devote changing levels of interest to each of the factors. The development of events in all five-security sectors forms the security environment of the country. The state is forced to develop policies and strategies to protect itself against negative phenomena, risks and threats.

The people who shape national policy define security by utilizing calculations concerning vital interests, possible enemies and various scenarios. All of this emanates from each country's specific historical and social context. We can look at security as a socially constructed concept, and it has a particular significance in each type of society. For that reason, of course, each country will have a different understanding of security and attach a different level of significance to it.<sup>10</sup>

When we look at a country's security, we must talk about two different aspects – threats and vulnerability. The first issue mostly concerns external factors, while the other has more to do with internal factors, but the two cannot be easily separated from one another. A country that is seeking security solutions can seek to reduce its own vulnerability by trying to influence the international environment in a way that is most favorable to the respective country. Small countries with little in the way of economic and human resources are more sensitive toward external pressure. They are subject to various kinds of stress, they are limited in terms of their future political choices, and they face tighter mutual correlations between domestic and foreign policy factors. Small countries can more easily become the targets of various kinds of threats, and they have far fewer opportunities than other countries to engage in adequate opposition to those threats. Because of limited financial and human resources (or, as in Latvia's case, because of the absence of such resources), small countries cannot maintain properly supplied and trained armed forces so as to be able to protect themselves against planned and massive aggression on the part of major powers. This means that from the global perspective, small countries cannot resolve

their military security problems alone, and they must seek out the support and protection of larger powers.

Latvia, as a small country, is very vulnerable and limited in terms of its economy. That is because of the limited domestic market of the country, its dependence on foreign sales markets and foreign technologies, and limited economic structures that would increase the country's ability to withstand external and internal manipulations and that are presently making the country dependent, to a certain extent, on the countries that receive its products (in Latvia's case – Russia).

If we analyze Latvia and the situation that currently exists in the international system, we can conclude that the country faces threats that are more political than military in nature. Emphasis in this case must be placed on the protection of national integrity, internal development and basic values against external political influence, or any attempts to achieve domination or influence over the situation in Latvia. Countries that emerged from the Soviet Union, including Latvia, are particularly vulnerable against these non-military security threats, because Russia's geopolitical doctrine perceives these countries as an inviolable part of Russia or its area of influence.

## **2. Latvia's security concept**

Latvian political scientist Z.Ozoliņa<sup>11</sup> pointed that one of the most important issues is the interpretation of the overall concept of security in Latvia. As a state which was excluded from security discussions for more than 50 years. The fact that Latvia has very little in the way of a developed tradition of security thinking can be explained by the fact that during fifty years of Soviet occupation, security and defense issues were concentrated in Moscow. There was no grounding for the theoretical analysis or interpretation of these issues in Latvia, not even in terms of interpreting communist ideology. Now Latvia is trying to make up for lost time. This leads to different interpretations of the idea of security, which in turn makes slow and unwieldy the process of creating a concept of national security, developing the means for its implementation, and achieving integration into European security structures.

Z.Ozolina stressed that Latvian politicians tried to create a defense system without viewing security as a complex issue; the main focus is put on national defense, but there is no adequate understanding of the goals and means of defense. Individual security is not on the agenda at all: individuals, the state, and the international system are analyzed as separate units. There are no debates on the different types of security – economic, political, ecological, ideological, social, ethnic, etc. Only military and sometimes political security is considered. Ideas like “a broad security agenda” and “the integrated concept of security” are not extensively discussed.

Latvia’s security concept stresses that national security can be reached by ensuring political, social and economic stability, by developing effective military structures, by establishing crisis management and civil defense systems, by developing constitutionally based legislative and executive structures, by observing international agreements and laws, and by integrating in European and Transatlantic political, economic, security and defense structures.<sup>12</sup> The concept emphasizes the main factors that dictate Latvia’s security situation – the foreign policy situation, economic development, relationships with other countries, cultural potential, military and defense abilities, and the country’s ecological situation.

National security concept accepted by the Cabinet of Ministers in June 1995 is a statement of the main threats that face Latvia and the mechanisms that could be used to avert such threats. In Latvia’s view, the most likely threat is not military action, but rather efforts by other countries to destabilize Latvia’s domestic situation. Latvia as a small country, is highly vulnerable to manipulations and changes in the international trade environment, crime in all of its manifestations: organized crime, corruption, economic crime, narcotics trafficking, illegal migration, etc. Latvia has become more active in battling against these problems. One example when it comes to the recent development of relationships with Russia is the blackmail policy that Russia has implemented, thus threatening Latvia’s economy with very unfavorable consequences, especially given that approximately 25% of Latvia’s exports go to that particularly country.

Russia’s strategy is largely aimed at ensuring that the Baltic States remain in a state of unknowing about their future existence and that a security and military vacuum be present in the three countries so that, if necessary, Russia could use them

to satisfy its own political goals – increasing influence in the region or, in the end, filling the aforementioned vacuum.

In evaluating these factors, we must conclude that the goal of Latvia's security policy is to avoid as much as possible any lack of clarity about the development of the country's security, preparing for any eventuality and avoiding or prohibiting the existence of a security and military vacuum in the respective territory. In order to achieve this, Latvia must engage in domestic and foreign policy procedures, taking advantage of political, economic, societal and environmental resources and clearly defining all of the aspects and instruments of national security policy. We can see that existing structure of Latvia's security is oriented toward the political and military spheres, but it pays insufficient heed to other sectors of security which are may be even more important in Latvia: economy, social, cultural, ethnic spheres. But it takes time to develop new deeper framework for understanding of security policy, because extension of the market economy into post-Communist countries, intensification of global finance, investment, production means that wider security agenda has become stronger.

### **3. Corruption**

Corruption is very common in the world. It is found in all societies, although the extent of corruption varies from country to country. Corruption is an illustration of shortcomings in a society's social sphere. As a negative social phenomenon, corruption is very harmful to any country, especially to a new country like Latvia, which has enjoyed restored independence for only a few years and is only now establishing all of the institutions of state governance, shaping a democratic society as part of the process.

The battle against corruption is a key condition for ensuring a law-based system in the state and for engaging in a fight against violations of the law. Corruption, as an anti-social phenomenon, has a great effect on the pace and effectiveness of political, legal and other reforms, destabilizing the socio-political situation and deforming moral values. Once corruption is found, and its forms and

types are specified, a country can ensure that its various activities will yield results and may well become irreversible.

Corruption affects the legal situation in the country as a whole, as well as various elements of the law-based system. It promotes the development of organized crime, sets up favorable conditions for economic violations of the law, and deforms legal understanding. Corruption in law enforcement institutions prohibits these entities from carrying out their missions and functions, as provided in the law.

Corrupt relationships tend to enter politics and ideology, affecting the work and development of a country's democratic institutions. Corruption as a phenomenon exists not only in the government sector, but also in other sectors that affect society. In business, for example, corruption involves dishonest competition, the establishment of cartels, the destruction of competitions, engaging in hidden lobbying, etc. In political work and non-governmental structures, too, we see similar expressions of corruption, only in a much more hidden way. Specialists recognize that the collection of compromising materials about one's competitors while taking advantage of one's position in society is a form of corruption, too, because such activities are directly or indirectly associated with extortion, influence-based trade and dishonest competition.

Since the restoration of Latvia's independence in 1991, there has been no single definition of corruption in the country. The definition has changed and expanded over the course of time. The anti-corruption law which Latvia adopted on September 21, 1995, says that "corruption is defined as violations by government officials that are manifested as: a) the presence of officials in an unlawful or corruptible situation; b) the exercise of the authority of officials in a conflict-of-interest situation."<sup>13</sup> Amendments were made to the law on May 16, 1996, to exclude bribery from the definition of corruption. This was justified by Parliament on the basis of the fact that bribery as such is covered by the aforementioned descriptions of violations (the presence of an official in an unlawful and corruptible situation or the exercise of authority in a conflict-of-interest situation; the Latvian criminal code covers such instances). The law defines 14 categories of government officials, beginning with the president, the Prime minister, deputies in Parliament and in local government institutions, and ending with officials who work in state and local government institutions and enterprises, police officials, and soldiers in active service. Data show that there are some 34,000 government officials in Latvia who may be the

objects of the anti-corruption law. We can say that these are people who face the risk of becoming corrupted.

#### A description of corruption in Latvia

Toward the end of 1996, the Latvian mass media published fragments from a confidential report by European experts on corruption in the system of the state's governing systems, as well as in the Customs Department. The published materials stated that corruption was present at all levels, starting with some documents being prepared faster than others, continuing with officials "winking" at imprecisions in documents, and ending with large bribes. The report said that high-ranking officials who should not be engaged in entrepreneurial activity were in fact engaged in such activity, influencing, moreover, government decisions and awarding trade and tax advantages to organizations which the officials controlled.

One of the organizations that is supposed to engage in anti-corruption efforts is the State Revenue Service, which has 38 employees dedicated to this battle. At the beginning of 1997 the SRS checked the income declarations of parliamentary deputies and government officials, finding that 15 officials had not stated their financial participation in enterprises. In seven other instances the SRS found formal violations of the law, and there were five more instances when officials had not declared motor vehicles that were in their possession. The results of the inspection dictated that the violations must be averted, but the results were of no particular significance in that they did not specify the entrepreneurial activity of all of the officials who were inspected.

In April and May of 1997 there was another check of the extent to which the conditions of the anti-corruption law were being met. It was found that one-half of the members of the Cabinet of Ministers (10), and one-third of parliamentary deputies (32) had violated the law. The view was expressed that the government should resign. Although later investigations showed that some of the enterprises in question were not actually in operation, or that government officials did not hold posts in private structures, the changes were not registered in the Latvian Company Register.

## The spread of corruption in Latvia as determined by researchers

In an international research project on crime that was conducted in 1996 with the help of UNICRI (1,413 residents of Latvia from various parts of the country were surveyed) was found that over the previous year 12.7% of respondents had encountered corruption (i.e., someone had asked them for a bribe). Among those officials who demanded a bribe or made it clear that a bribe was necessary, most were officials from government institutions (36.3%), customs officials (27.9%), police officers (10.1%), inspectors (15.6%) and other officials (8.9%). Similar research in Estonia showed that only 3.6% of respondents had encountered corruption.<sup>14</sup>

The research results found that only a few respondents (6.2%) reported the instance of requests for bribes to the proper institutions – the police (1.5% of respondents) or to other institutions (4.7%). Respondents who had not reported corruption said that this was because the police and other law enforcement institutions cannot or do not want to do anything about such problems.

Data from recent years signify a certain improvement in the situation. In 1994 29 instances of criminally sanctionable bribery were found. In 1995 there were 48, while in 1996 there were 76 such instances. This to a certain extent suggests that residents are becoming more active in the fight against corruption and that law enforcement agencies are becoming involved, too.

In a survey that was conducted in December 1997, 56.6% of respondents said that corruption is a widespread problem in Latvia, 3.3% said that it is more prevalent than non-prevalent, while 40.3% had encountered corruption personally.

Of certain interest are the answers which respondents gave to the question “Would you personally be prepared to give a bribe to a person if you obtained some benefit in return and knew that you would not be punished for it?” The answers were following: a) Yes - 20.3%; b) Probably - 21.0%; c) Probably not - 21.4%; d) No - 27.0%; e) No answer - 10.3%.

What can we conclude? More than 40% of respondents are ready to offer bribes in order to gain some benefit. This means that they are psychologically ready to support corruption. To a certain extent this is an inheritance from the totalitarian regime that governed Latvia in earlier times. Society's lower strata tended to bring home from work anything that could be smuggled out without getting caught. At higher levels of society there were such things as specialized stores, spas, hospitals,

hunting trips, foreign trips, “telephone rights”, the failure of officials to investigate or prosecute violations by representatives of the nomenclature, etc.

The corporative nature of the Communist Party’s nomenclature and the traditions which those people established have left a deep effect on the legal understanding of a certain part of society. At the higher end of society there is the view that anything that is not written in the Criminal Code is permissible. The aforementioned research data show that in the transition period, the corporative and corruptive traditions of the totalitarian regime continue to survive.

In the totalitarian state, people basically came to understand that it is a matter of honor to disobey the law. In a democratic society and law-based country, however, these attitudes must be changed, and people must be made to understand that it is a matter of honor to *obey* the law, not disobey it.

Corruption can never be eradicated completely. No law-based country has managed to do so. Corruption is linked to crime, including organized crime, and especially to so-called “white collar” crime. Corruption has many faces, and these are in constant change. A country can eliminate some forms of corruption, but corruption as such can only be limited. The instability that is characteristic of transition-period countries, including Latvia, creates opportunities for corruption via the following conditions: 1) Excessive regulation (in distribution and redistribution); 2) Unclear, contradictory or inadequate laws; 3) Incomplete financial reporting systems and bookkeeping procedures; 4) The failure to observe professional norms of ethics; 5) Insufficient information in society, especially leading officials and the mass media (the press, radio and television) about the essence, regularities, causes and consequences of corruption.

Because the environment in which corruption exists and operates is the state and local government sector, it is linked to, and can occur in connection with, the following functional processes: 1) Awarding, annulling or refusing to issue licenses or permits to natural or legal persons; 2) Awarding state or local government orders in the procurement of goods and services; 3) Engaging in the control functions of the state and local governments.<sup>15</sup>

The state minister for income, Aija Poèa, has named four causes for corruption: a) Low salaries and high demands; b) Psychological threats; c) Traditions; d) Greed.

On the basis of all of this, we can say that the following things promote the spread of corruption in Latvia: a) Insufficient education and excessive irresponsibility among government officials and bureaucrats; b) Legal nihilism and negativism; c) An inadequate legal system in fighting against corruption (incomplete normative regulation, weak methodological and technical underpinnings for the State Revenue Service), etc.<sup>16</sup>

In these conditions, people who want to ensure a certain level of security for themselves often want to “buy” that security. Under conditions of a lack of stability, business people often choose to engage in the “shadow” economy, protecting themselves against the state and against competitors with the help of corrupt officials and the structures of organized crime. There are many companies in Latvia which could be shut down for a wide variety of reasons, and existing normative acts could be used for this purpose. One way to limit corruption would be to ensure publicity with respect to the actions of government officials. The existing situation allows officials to serve their hidden interests.

Another factor that promotes corruption is the fact that requirements which are set out at the legislative level are in many instances hard or even impossible to apply for technical, economic or other reasons. For example, the state has set out all kinds of requirements via laws and other normative acts which makes entrepreneurial activity either unprofitable or unlawful. Controlling institutions and officials, as a result, have certain rights to prohibit or permit various activities at any moment.

### Corruption risk zones

In transitional countries, including Latvia, there are several zones where there is a risk of corruption, and there are several factors that promote the risk for corruption: 1) Unharmonized reforms (economic reforms, for example, can be ahead of reforms in laws, the courts, government systems and social aspects); 2) An inadequately transparent privatization process (selection of applicants, evaluation, limitations on monopoly activities, consumer rights, etc.); 3) Excessive distribution and redistribution (state and local government procurement, etc.); 4) The setting up of bureaucratic obstacles in those areas where the more ambitious part of society wants to promote its own development and increase the state’s budget income as a result

(permits, licenses, etc.); 5) A lack of transparency and openness in the activities of officials in corruption risk zones; 6) the relatively low salaries that officials in the corruption risk zone receive, thus promoting so-called “survival corruption”; 7) An inadequate legal base for new relationships between society and the state (a lack of legal norms or contradictions among norms, which create an unfavorable environment for unlawful activity and an unfavorable environment for the protection of individual rights against arbitrary decisions by government institutions and officials); 8) The non-existence of a sufficiently stable multi-party system (parties are excessively dependent on donors, there is no direct state financing, there is hidden lobbying and dishonest competition, etc.); 9) Unstable tax policies, non-transparent and incomplete financial reporting systems and bookkeeping systems; 10) A lack of professional norms of ethics (in Parliament, the Cabinet of Ministers, institutions of state governance and law enforcement, etc.); 11) Insufficient information in society about the essence, causes, regularities and consequences of corruption (control by the press and the public, the ability to differentiate between real and seeming corruption, etc.); 12) Traditions inherited from the previous societal system, including some corporative entities that are brought together by the practices established during the previous regime and the low level of legal understanding that exists.

### Political corruption

A law on the financing of political organizations and parties was adopted on July 19, 1995, as the first of several laws aimed at fighting corruption. The goal of the law was to avert political corruption as expressed by financing from legal and illegal structures for parties, their leaders and individual politicians, thus affecting the fundamental democratic values of the political system and the political process in the country as a whole. The goal of the law was also to regulate private financing for parties – “ceilings” for donations from natural and legal persons, openness in the financial operations of parties, and public disclosure of the sources of financing. In August 1995 Parliament adopted a law on parliamentary elections campaign advertising. Even earlier, in March 1994, a law was adopted on campaign advertising on radio and television before local government officials. The main purpose was to

ensure free broadcasting time on the public mass media, as well as equal opportunities for all parties to engage in political campaigning.

The problem of fulfilling and harmonizing laws.

One of the main problems, as former European Commission president Jacques Santer said when visiting Latvia is the harmonization of Latvia's laws in accordance with the EU's *Acquis*, as well as the inability of the state's administrative structures to adapt and utilize the EU's directives.

The same can certainly be said with respect to the corruption law, which has internal contradictions and is not harmonized with other laws. A corruption scandal in May and June of 1997 showed that many of the norms in the law are inadequate or formal in nature, and the way in which those norms are applied in real life has certain shortcomings. One example is the problem of supervising the extent to which the anti-corruption law is being observed. The State Revenue Service has only four employees to fulfill this function, and that is clearly an inadequate number. As a result of this, the possible violations of various officials (ministers and parliamentary deputies) are handled by the prosecutor general's office, and this, in turn, keeps that office from engaging in other activities which are more directly its duty.

#### **4. Unemployment**

The significance of the economic element of security is undervalued in Latvia. Social policy includes a wide range of policy issues, including social security, health care, employment and the labor force. "Social security" usually refers to a set of political steps that are taken in order to avert social risks and/or to mitigate the consequences of those risks. "Social risks" is a term that applies to an inability to work as the result of age, sickness or handicap, as well as to unemployment, child care, poor health and (transitory) inability to obtain an income for other reasons. Society security covers both social insurance and social assistance.

Employment policy, in turn, has to do not only with unemployment issues and steps taken to reduce unemployment, but also with such areas as the minimum wage, job protection, active participation in the labor market, the legal relationships that underpin work, and job security.

During rapid and unpredictable changes in the 1990s that have had to do with political and economic development, the issue of social security has been at the center of attention. The social guarantees that existed in the Soviet system were no longer available. New social risks emerged, and the significance of social security increased when compared to the Soviet period. Because the previous system was inadequate in resolving existing problems, the social security system had to be shaped in accordance with the new situation – the transfer from a planned to a market economy. The move toward the principles of the market economy changes the relationship between individuals and the state, increasing the individual's role in providing social protection for himself and his family. New principles, approaches, institutions and services were instituted, and a permanent legal base was set up.<sup>17</sup>

According to ILO standards, the residents of a country are divided into two groups – economically active and economically inactive persons. Economically active persons are men and women who, in the period under review, offer their labor in the production of goods or the provision of services. They include economically active people in the civilian, as well as in the military sector. Economically active residents include both those who are employed and those who do not work. Economically inactive persons are members of both genders, irrespective of age, including people who are too young to work, as well as those who are neither employed or unemployed in the traditional sense of the word (homemakers, non-working invalids, students of working age who do not work and are not looking for work, and non-working pensioners). Also among non-working individuals are people of working age who, in the reporting period, did not have a job, were actively seeking work, and were prepared to begin work at any time.

In addition to registered unemployment, there is also so-called “hidden” unemployment in Latvia. This involves involuntary shutdowns at companies, involuntary unpaid vacations for employees, shortened work weeks, days and shifts, etc. – all of which occur due to economic and financial reasons of a variety of sorts.

The registered unemployment level in Latvia at the beginning of 1999, according to the State Employment Service, was 10.1% of economically active

residents. 120,469 people were registered as unemployed. The Russian financial crisis contributed significantly to the problem. The actual level of unemployment, however, is far higher. The Central Statistical Board conducted a survey on the basis of ILO methodologies and found that in November 1997 the actual number of job seekers represented 14.4% of economically active persons (18.3% in November 1996), but only one-quarter of those people had actually registered with the State Employment Service. The others were looking for work through acquaintances or otherwise.<sup>18</sup>

The unemployment rate is very much different in various regions and cities of the country.

## **5. Non-governmental organizations**

During the period of transition from a totalitarian to a democratic regime, it is very important to set up a civil society – one in which citizens engage in self-organizing efforts. The role of non-governmental organizations in a democratic society is dual in nature. On the one hand, NGOs are a pre-requisite for the establishment of a democratic society, while on the other hand they are involved in political process and are partners with the state and its political institutions. An increase in the number of NGOs in a country shows that people want to understand the changes that are occurring in society, to find their place in society, to better understand their goals and the resources and opportunities that are at hand for reaching those goals.

Latvia's residents were very active in the late 1980s and early 1990s, when the Latvian People's Front and various public organizations first emerged.

In any country, democracy is just as strong as are the links between residents and the state, and just as strong as is the responsible initiative demonstrated by residents. We can speak of a democratic society only when each individual comes to understand that he must help himself, coming to understand his problems, setting out goals and then reaching them. Non-governmental organizations are one of the cornerstones in shaping this civic society.

O.Norgaard feels that in most of the countries that were created when Communist hegemony collapsed, society could once be described as an “hourglass”. This means that during the Communist regime, and for a short period after its collapse, there were two levels of society that had very limited links. The lower stratum was made up of a powerful network of citizens – mutually linked colleagues, families and friends. The upper stratum, however, was made up by active networks formed by the elite – the nomenclature that was rife with all kinds of conflicts, hostile affairs and disputes over the resources of power. The elite fought among themselves while the rest of society went about its everyday life. There were no parties or organizations to bring these two spheres together. Thus the elite and its internal battles had little to do with the needs and efforts of the rest of the population.<sup>19</sup> Of course this all affected the establishment, operations, activities and effectiveness of NGOs.

When we study the views of various authors in this area, we can conclude that non-governmental organizations, as one of the fundamental elements of a civic society, provide:

- A) The ability for anyone to participate in political and social processes;
- B) A multiplicity of existing ideas, which promotes the development of democracy;
- C) Support for a democratic political culture in which the main values are trust, cooperation and tolerance for the views of others;
- D) Preservation of the social heritage, improvement of conditions of life, liquidation of inequality, and common solving of overall and national problems.

The establishment of NGOs in Latvia and the various issues of the participation of a civic society in the country’s life have been problematic, largely because of differing interests among the various groups and, indeed, within specific groups. NGOs usually base their problem solutions on ideology, professional identity, the type of employment and/or belonging to a specific stratum in society, but in Latvia these phenomena are only now being formed. Since 1994 the participation of residents in various organizations has been on the rise. In 1995 there were 1,675 registered NGOs in the country. In 1996 there were 2,520, and at the end of 1998 there were 3,698 NGOs, as well as 532 non-profit limited liability companies. Over the last few years the number of NGOs outside the capital city of Rīga has increased, too. Presently these represent some 60% of all of the registered organizations in

Latvia. Despite the fact that the number of NGOs has increased very rapidly, however, the level of information among the population about what NGOs actually do has not. Only 6% of residents consider themselves to be well informed about the activities of NGOs (apparently these are people who are involved in NGOs themselves), while only some 20% of residents have ever heard about NGO activities.

Many of the NGOs that emerged immediately after the restoration of Latvia's independence ran into organizational, material, financial and other problems, but they did try to engage in functions that are characteristic of NGOs in promoting the internal security of a country:

- A) Providing and creating services for residents;
- B) Providing for the more complete satisfaction of the needs and interests of residents;
- C) Promoting employment by creating jobs, especially for poorly protected residents;
- D) Educating and informing society, thus promoting a better understanding of democracy;
- E) Ensuring the more effective use of resources;
- F) Fostering the elaboration of laws and other normative documents, as well as the observance of laws and other norms;
- G) Pointing to important problems that had not been solved adequately to meet the needs of society;
- H) Reducing social alienation by organizing self-help procedures for poorly protected residents.<sup>20</sup>

What's more, NGOs that are active in these areas of operations are often considerably more effective than government institutions.<sup>21</sup>

We can divide the NGOs that are active in Latvia into the following spheres of activity: 1) Youth; 2) Culture and education; 3) Sports; 4) The social sector; 5) The environment; 6) The economy; 7) Human rights.

#### The social sphere

This sector has the largest number of organizations in existence in Latvia at this time. That is understandable, given that NGOs tend to appear in those places where there are the most problems, and they represent one of the ways in which

people try to solve their own problems. In Latvia's case it is the social sphere in which there are the most problems. The number of NGOs in the sector may be quite large, but most of them operate locally and in very limited areas, thus failing to see any role in participating in the state's social security system.<sup>22</sup> This is because of a lack of information about the way in which this system operates in the country. There is a similar lack of information among local government and national government employees, who do not see NGOs as a powerful and significant third sector.

NGOs are active in organizing various campaigns, information days and other activities that are aimed at attracting the public's attention. Among the more active NGOs in Latvia are the "Papardes Zieds" organization, which is aimed at family planning and sexual health, the Save the Children Foundation, the Latvian Children's Fund and its "Don't Pass Us By" fundraising drive (money is raised for children's health and care centers), and others.

There are a number of ways in which NGOs could be active in social care areas – participating in the establishment of alternative care facilities, including home care, day care centers, shelters for invalids (there are some 110,000 handicapped people in Latvia), for children, the elderly and risk groups; activities in support of various groups of residents (charity events, concerts, attracting humanitarian aid); setting up support systems on a "person-to-person" basis; seeking out financing and donors via various projects; participating in the elaboration of legal documents, etc.<sup>23</sup>

## The environment

The main goals of NGOs that are active in the environmental sector are researching and protecting nature, ecology, and environmental education. NGOs in Latvia have organized working days to clean up various territories, published both popular and academic literature, promoted scholarly research and collected information. NGOs that are active in this sector should establish and implement their own environmental policies, elaborating a national strategy for including environmental education in all levels of society.

## Human rights

An important pre-requisite for a nation's development is the protection and promotion of human rights. Latvia has undertaken treaty obligations by joining in international cooperation efforts in this area. On May 4, 1990, the Supreme Council (parliament) of what was then still the Latvian SSR adopted a declaration of independence, simultaneously acceding to 52 international human rights documents, including the Universal Human Rights Declaration, the International Convention on Economic, Social and Cultural Rights, and the International Pact on Civic and Political Rights.

Among those NGOs that consider themselves to be active in the human rights sectors are groups that seek to protect consumer interests, organizations that deal with large families, various youth, educational and invalid organizations, national cultural associations – in other words, NGOs from nearly all areas of activities. There are also organizations that deal with specific issues – human rights education, gender equality, the rights of refugees and asylum-seekers, etc.

### The main problems in the sphere of human rights

First of all there is the factor of *national human rights defense mechanisms and the low prestige of the courts in Latvia*. The Latvian judicial system has many problems – a lack of competent judges, case overloads, excessively long pre-trial investigations, etc. According to a survey in 1995, only 50% of residents trusted the courts in Latvia, but by 1998 the figure had fallen to just 31% of citizens and 36% of non-citizens. The low prestige of the courts is also signified by the way in which other government institutions treat court rulings. The Department of Citizenship and Migration of the Interior Ministry, for example, ignored or failed to implement literally dozens of court rulings at one time, and the situation improved only after considerable international pressure.<sup>24</sup>

Among the reasons why there is a gulf between the state and the individual is the absence of horizontal ties between the two entities. There is an overall lack of trust, not only with respect to government institutions, but also to contacts among individuals. People still tend to view the state as something abstract – something that lies outside the will and control of individuals.

*A crippled understanding of the concept of human rights.* The whole idea of human rights has been discredited in Latvia, because human rights are often linked exclusively to the rights of “Russian-speakers” – a process that has always been and continues to be linked to Russia’s influence on Latvia in the international arena, where Moscow has never been hesitant in accusing Latvia of human rights violations, ethnic cleansing, etc.

*The issues of non-citizens.* The Latvian citizenship law that was adopted in 1994 was criticized both by international organizations and by Russia. Criticism was also heard from several organizations within Latvia. In a referendum on October 3, 1998, the Latvian population liberalized the citizenship law, thus resolving a series human rights problem. Most of the changes – an elimination of so-called naturalization “windows”, as well as the simplification of the Latvian language exam that is needed for naturalization for specific groups of people – took effect on November 10, 1998. Changes that would award citizenship to non-citizen children by a process of registration were to take effect on January 1, 1999. In 1998 naturalization was undergone by 4,439 persons, while more than 600,000 non-citizens remain in the country.

One of the changes in the law has to do with the freedom of movement. Many non-citizens have not yet taken out the new, internationally recognized non-citizen passports that Latvia makes available, and they continue to use old Soviet passports for travel to Russia. There are approximately 6,000 people in Latvia whose residency permits in the country have expired, as well as people who have no identification at all. According to a 1995 law on the status of former citizens of the USSR who do not have citizenship in Latvia or any other country, these individuals do not have the right to receive a passport. They are often called “illegals”, and their freedom of movement, as well as individual social and economic rights, were at one time limited. In 1998 Parliament amended the law, and now many of the “illegals” can register.

*The death penalty.* The UN Universal Declaration on Human Rights starts with the words “Every individual has the right to life ...”, and thus begins a list of basic rights and freedoms. The text signifies that life itself is the value that is at the foundation of all legal and moral norms. Because Latvia has undertaken certain obligations toward the Council of Europe and the United Nations and has announced its desire to integrate with the European Union, the issue of the death penalty in Latvia has been the focus of international, not just local attention. On September 24,

1996, speaking in Strasbourg, Latvian President Guntis Ulmanis announced that until the adoption of a new criminal code in Latvia, he would pardon anyone sentenced to death in Latvia, although he stopped short of guaranteeing this for everyone.

The problem is that Latvian society does not have any unanimity of opinion on the repeal of the death penalty. Those who support capital punishment argue that the repeal of the death penalty would inevitably lead to a rapid increase in serious crime. Comparing the crime situation in Latvia, the other Baltic States and Scandinavia, however, we see that the number of murders does not depend on the severity of the punishment that is set out in the laws of each country for that particular crime. Statistics show that in the Scandinavian countries, where the death penalty has long since been repealed, the per capita murder rate is nearly 10 times lower than in the Baltic States. This supports the view that other factors avert murder more effectively than the death penalty. Among them, of course – a higher level of economic and social development in the country. A rapid increase in the murder rate in Latvia between 1985 and 1994 (by 150%) points largely to an equally rapid deterioration in the level of security in the country. The situation can be improved if some of the main causes of murder – alcoholism and drug addiction among them – are limited in scope.

*Gender equality.* There are a number of important issues in this sphere – the development of women's rights, women in the labor market and in entrepreneurial activity, the political activity of women, family violence, etc. There are 81 non-governmental organizations in Latvia which list women as their primary target audience, but only 26 of these are actually active. Among their goals:

A) To develop gender equality policies in Latvia, pushing public opinion toward a proper understanding of the concept of gender equality;

B) To develop solidarity among women, promoting the self-understanding and self-esteem of women, as well as corresponding behavior;

C) To ensure information exchange among women's organizations, expanding opportunities for education;

D) To speak openly about legislation and laws that have to do with women's rights, family life, women's employment, equality between men and women when it comes to work in the family, in jobs outside the home, in political life, and in social, economic and cultural policy;

E) To promote cooperation between women's organizations in Latvia and abroad;

F) To provide for the protection of mothers and their children.

Gender discrimination in Latvia's labor market is a timely problem.

Newspaper advertisements offering employment often contain gender-discriminatory elements when it comes to requirements that are listed and wages that are promised. Latvia's women receive lower wages than men – 73.8% of the average men's salary in the private sector and 73.3% in the state sector, according to statistics.<sup>25</sup>

It is important to ensure that Latvia's society come to a proper understanding of the role of women. This means that in order to affect public thinking non-governmental women's organizations must merge and consolidate their efforts.

The next problem is that even though NGOs are a basic element of a civil society, in Latvia they are quite distant from the state. The ability of NGOs to provide information to legislative and executive structures, let alone to control or influence decision-making processes, is severely circumscribed. A lack of unified goals, resources and leaders has deepened the gulf between NGOs and government structures, as well as between residents and the state. Most people have problems in understanding and perceiving their social interests as political interests, or in identifying themselves with specific social groups. Accordingly, many people are unable and unwilling to act as representatives of the civil society. To a certain extent this is a consequence of the authoritarian and totalitarian regime in which Latvia's residents once lived. At that time all decisions and orders came "from the top", and society had very little to do with the way in which those decisions were reached. People did not understand their rights, they did not participate, and they had no ambitions to reach such goals, largely because of insufficient knowledge and a lack of any sense of responsibility.

The development of NGOs in Latvia is also hindered by social and economic factors. In Western democratic societies, NGOs promote social and political integration, operating in spheres where the state lacks resources while the market sector sees no advantage. NGOs propose new solutions, ensure that there is a multiplicity of opinion in society, and shape dialogue with the state and its political forces.

## **6. The Latvian banking system and its crisis**

When the planned economy of the Soviet Union fell apart and entrepreneurship began to emerge, the need for an autonomous banking system in Latvia became readily apparent, and a proper legal basis for that system had to be created. In the initial stage of development of the Latvian banking system, shareholders frequently established banks primarily as a way of getting credits. Others engaged in currency exchange and in offering billing and investment services, because given the high demand for such services, profits were high (this was particularly true with respect to deposits, which were very advantageous for banks at a time of skyrocketing inflation). In 1995 the system fell into a very severe crisis, and it was only after this crisis that the laws which govern banking operations and supervision in Latvia were properly brought into order. Previously the laws which regulated the work of credit institutions were very liberal so as to allow the system to develop quite rapidly. This meant that in the early 1990s the banking system was chaotic, and the liberal laws resulted in extensive fraud and manipulations with other people's money. The 1995 crisis was a logical chapter in the play, so to speak, and many banks went out of business.

The Latvian banking system first began to develop in 1988, when the first commercial banks – the Rīga Inter-Regional Bank (later known as the infamous Banka Baltija) and the Innovation Bank (later the Latvian Bank for Reconstruction and Development) – were licensed. Prior to that the Latvian SSR had had only the State Bank and its specialized divisions. There was also a vast network of savings institutions. In 1989 four more banks were licensed – Komercbanka, Simkass (later the Kredobank), Rīga Bank (later Trasta Komercbanka), and the Land Bank. Initially the licensing procedure was very cumbersome, especially because licenses were issued only in Moscow. The situation changed rapidly after the establishment of the Latvian central bank, the Bank of Latvia, on August 30, 1990. It took over bank licensing procedures, and the number of banks increased very rapidly. 1993 was a year of structural changes, because the branches of the Bank of Latvia had been privatized, and the functions of the central bank had been separated out.

As overall economic activity became more intense, there was rapid development of the banking system in 1994. The overall volume of assets in the banking system doubled.<sup>26</sup> There were several reasons for this, among them increased activity by banks in attracting deposits. Interest rates were raised and advantageous investments were offered.

In 1995 there was the banking crisis, which had a critical effect on the Latvian banking system. 15 banks lost their licenses, and overall losses, according to some experts, reached USD 500 million.<sup>27</sup> The bank crisis in 1995 concerned more than 20 thousand companies and from 200 to 250 thousand individuals. The origins of the actual crisis is already to be found at the end of 1994 when one by one savings-and-loan banks went bankrupt, or as was established during the investigation of these bankruptcy cases, - companies operating on the basis of the financial pyramid principle collected money from citizens, and later owners disappeared. A total collapse of the banking system of 1995 due to a rather ineffective management transformed into an overall financial crisis that further caused public social discontentment. In this situation an important role was taken by the bankruptcy of the largest bank in the Baltic States – *Banka Baltija*. *Banka Baltija* for long time was considered not only as a safe commercial bank, but also as a stability model for the whole Latvian banking system. This marked a turning point in the development of the banking system, because it marked a key shift in public thinking about banks (previously people had thought that the state would guarantee their protection), as well as in the attitudes which supervisory institutions and government entities took toward banks (the conviction that bank supervision must be strengthened and expanded took hold).

Public social security and potential changes in public collective value system in 1995 was an important issue since in fall of the same year parliamentary elections was expected. Viewing Latvia's attempts towards integration into European common security system, of national importance was that in these elections citizens voted for those political parties the program's of which at least theoretically were compatible with the program's of conservatives, liberals and social-democrats according to western standards and not based on basic principles of either communist ideology or populist radical nationalism.

1996 was a year of stabilization in the Latvian banking system. The fact that client trust in banks was restored was signified by an increase in the volume of

deposits (especially by private companies). Foreign investment volumes increased. In the area of crediting, banks became much more conservative. The overall assets in the banking system increased by 36.2% in 1996.<sup>28</sup>

1997 was a year of growth in the banking sector. Overall profits in 1997 reached Ls 41 million – an increase of 51.9% over 1996.<sup>29</sup> Deposit volumes also increased considerably, and overall assets rose by a factor of 1.5.<sup>30</sup>

In the first half of 1998, the banking sector in Latvia posted successful results, but then came the Russian financial crisis, and it had a serious effect on the development of the system. Latvia's commercial banks posted overall losses of more than Ls 28.4 million in 1998. The losses came largely from investments in Russia – investments in short-term and federal debt obligations, as well as investments in Russian companies. In most instances the banks themselves were to blame, because they had not evaluated those investments with sufficient care. The operational results of many banks turned out to be much worse than had been forecast. Banks also lost a key source of income – investments in the countries of the CIS. Therefore, some banks that had not been particularly active in Latvia itself took a fresh look at the domestic market. This has particularly been true in the area of credit services. Experts forecast that there may be considerably more competition in this sector in the future, and interest rates on credits have already fallen significantly.

*The Latvian banking system has a distinct off-shore nature.* The volume of foreign assets and liabilities in Latvia's banking system shows the important role that non-residents play in that system. The larger the proportion of these elements in the overall assets of a bank, the more distinct the off-shore nature of the system. Over the last few years the share of foreign assets and liabilities in the Latvian banking system has increased very rapidly, and Latvia is close to the globally recognized off-shore banking centers (e.g., Britain) when it comes to these indicators.

Other Eastern European countries have a much less distinct off-shore nature in their banking systems, so this cannot be seen as a particular of a transitional economy. Most foreign liabilities in the system come from residents in Russia and other CIS countries, while most assets are invested in the securities of those countries. Thus Latvia can in fact be seen as an off-shore banking center for the CIS. The development of events after the Russian crisis has shown that the share of foreign assets in the overall assets of Latvia's banks has declined.

The off-shore nature of the banking system has affected the system in two ways. First of all, the distinctly off-shore nature of the system has created a considerable dependency on non-resident resources. When these flow away, the stability of the banking system is rocked, and it is also true that non-residential services in particular have allowed banks to maintain high profits. Secondly, the small and specialized banks which serviced concrete non-resident flows of money saw this process as a sufficient source of income, so there was no need to merge. Thus the distinct off-shore aspects in the process hindered bank consolidation.

Most of Latvia's credit institutions are relatively small, or so-called "pocket banks", and their profits come from services provided to few clients (or to a concrete flow of money). From this perspective, the argument that there are too many banks in little Latvia is not right, although it should be noted that the process of consolidation has arrived in the Baltic banking market, and some banks in Latvia, too, will be forced to merge in order to survive growing competition.

*A few components of the Latvian banking crisis.* The crisis in the banking sector involved two components – high rates and short periods of time. From the perspective of the interests of Latvia's governing elite, it is also possible to spot two dimensions of political criteria. First of all, there were the values of political or governing legitimacy:

A) Political and economic stability in the country – the most important thing was to take decisions that avert panic; the determinant factor was the large number of depositors and the fact that they were very loud in proclaiming their interests;

B) The interests of the Latvia's Way political party to maintain its positions as the leading political party in the country and to win the upcoming parliamentary election; the stakes were very high, because representatives of Latvia's Way held nearly all of the senior positions in government, so the party held full political responsibility for resolving the crisis, and the success or failure of this process would have much to do with the future of the party;

C) The trust of residents in the banking system is a key element in the stability and legitimacy of a governing regime; trust in the banking system ensures monetary circulation through investments and credits.

Second, there was the value of time:

A) It was the interest of the governing Latvia's Way party to take decisive and positive decisions as quickly as possible, because parliamentary elections were

looming; the decisions that were taken had the distinct whiff of campaigning about them, especially given that the government promised to compensate all private deposits without calculating the actual situation in the banking sector;

B) In 1995 Latvia experienced overall economic decline; there were fears that the lats might be devalued and that paralysis might overtake the economy.

The motivations promoted by the government for its various decisions during the banking crisis included the need to preserve political stability and to avoid panic in the population. At the same time, however, there were clear attempts to balance the interests of various influential groups. In any crisis, information is of critical importance. The fact that information about the reasons for the banking crisis was held back occurred for several reasons. First of all, there were the interests of civil servants, politicians and interest groups. The Latvian Association of Commercial Banks, for one, is the most important defender of the rights of commercial banks at the national level. The association has representation from all commercial banks, and it provides consultations on operational strategies, takes common decisions, etc. One of the most important resources at the association's disposal is a monopoly on information. Commercial banks, according to Latvian law, must submit specific information to the Bank of Latvia, the State Revenue Services, the Rīga Stock Exchange (if shares in the bank are floated on the exchange) and to other institutions, and these institutions must make that information public (except in instances where commercial secrets are involved). The Latvian Association of Commercial Banks, by contrast, has unlimited opportunities to provide a wealth of information about bank operations, but it doesn't do so, because that would not serve the interests of commercial banks. This is particularly true when it comes to financial problems at banks. For example, after the financial crisis in Russia in August 1998 – a process which involved serious losses for Latvia's banks – the association stopped publishing its monthly report on the banking system's operational indicators; now it does so only on a quarterly basis.

The fact that the Bank of Latvia, too, is hesitant about publicizing information too widely results from commercial bank pressure, as well as possible shortcomings in the financial indicators that are submitted by banks. These can be seen as a result of inadequate supervision by the central banks, and in fact the bank tries to resolve various problems in the operations of commercial banks via individual talks with bank representatives.

## 7. Citizenship issue

During the fifty years of occupation the people and the culture of Latvia was under pressure from the Russian majority culture of the Soviet Union. Deportation and deprivation were the policies thought to solve cultural and national disputes inside the Soviet Union. Inside the different republics of the Soviet Union this policy of sovietification would have been hard distinguished from russification.

The result of this policy of russification to solve questions of nationality inside the Soviet Union, is that these newly independent states have turned into multinational states. In Estonia ethnic Estonians counted for 88.8% of the entire population in 1934, and 61.5% 50 years later. In Latvia this development has been even more dramatic. Ethnic Latvians counted for 75.5% of the entire population in 1939, but only 52% in 1989.

Usually states are free in international law to define the circle of their citizens as they see fit. Because of this freedom, citizenship law and naturalization practices vary widely, reflecting different historical experiences, pragmatic interests, and ideological commitments. Nevertheless it is widely argued that settlement should generally lead to citizenship.

Like some other European countries (Germany, France) Latvian citizenship is tied with the knowledge of state language and loyalty towards the state. From a theoretical point of view there should not be a problem, while practice creates a discussion, because approximately 50 per cent of non-Latvians and 3 per cent of Latvians can not get a citizenship automatically.

One of the many problems the leaders of the Baltic had to solve during the restoration of statehood was: who should receive citizenship? Lithuania choose a zero-option, granting citizenship to all who had been permanent resident of Lithuania in 1991. The process of gaining political rights in Estonia and Latvia is more difficult. However, the result of these laws is that a large group of people do not have political rights.

Who ought to be included in demos? Demos is defined as the collective of citizens The modern democratic state is based on the participation of its citizens. The collective of citizens constitutes the demos and nationalism provides one possible

definition of the demos, this definition, however may or not coincide with the inhabitants of the state.

Naturalisation is a process through which the applicants not automatically entitled to citizenship must prove knowledge and the loyalty to the state which they want to join. According to the Law of Citizenship there is a time schedule for applicants (windows). This Law made Latvia the most exclusionist country in the Baltics.

The problem is that exclusion of a large group of residents, namely russophone, means that demos is undemocratic exactly to that extent. Demos is undemocratic in relation to the russophone population, because the russophone are subjects to its rules.

From the point of its establishment, any country is forced to deal with a series of problems and issues that must be resolved if the further existence and development of the country are to be possible. The issue of citizenship – who has the right to be part of the country and to take advantage of the privileges which it affords – is at the center of attention in any country which has been newly established.

It is logical, therefore, that when the statehood of Latvia was restored at the *de iure* level, the country's governing institutions immediately turned to the formulation of the basic principles governing citizenship and the body of citizens in Latvia. The issue of a Latvian citizenship was first raised officially in 1989 by the Latvian lawyer and politician Juris Bojârs. Juris Bojârs was one of the major architects behind the project of the Law on Citizenship, which passed in its first reading in November 1991.

The declaration via which Latvia's independence was restored uses the terms "citizen of the Republic of Latvia", "citizen of the USSR" and "citizen of another country", applying these terms to the status of various individuals in 1990. It was not clearly stated, however, which people should be put into each group, because when the declaration of independence was adopted, none of the laws that existed during the earlier period of Latvian independence (1918-1940) was reinstated, except for the basic law – the Constitution.

In 1989 the actual achievement of Latvian independence seemed unrealistic, although the demand for independence outside the Soviet Union was clearly defined goal. It was not until after the Declaration that the zero option was officially discussed as a separate as a separate Latvian citizenship in the Supreme Council. There were several opinions on the issue and most of deputies of the Popular Front of Latvia

supported some kind of compromise or other solution of citizenship, whereas the Latvian Communist party deputies have at different times strongly defended the zero option.

There has never been any dispute about status and eligibility for citizenship for those who were citizens of inter-war Latvia and their descendents. The controversial issue is the rules, requirements and possible quotas for naturalization, or whether it is at all a matter of naturalization, of the post-war immigrants and whether or not a division between the two categories of inhabitants should exist.

Since the restoration of independence *de facto* the zero option has been defined as the automatic granting of the possibility to obtain Latvian citizenship to all soviet citizens residing within Latvian territory on or before August 21, 1991. The definition of this type does not distinguish between the legal status of inter-war inhabitants and post-war immigrants. The status under this option for the armed forces of the Soviet Union stationed in Latvia is unclear.

Neither was there any official document to explain these various terms, so when the declaration of independence nullified the previous declaration “On Latvia’s accession to the Union of Soviet Socialist Republics”, the only people who could more or less be convinced of their legal belonging to the Republic of Latvia were those who had maintained documents attesting to their citizenship during the first period of independence.

Neither the Supreme Council of Latvia, nor the Council of Ministers demonstrated any particular initiative in resolving the partially considered citizenship issue until the fall of 1991, when Latvia’s independence had been restored *de facto*. The issue of who belonged to the Latvian State, in other words, was left on the back burner for more than a year. There were several reasons for this, and each of these had an effect on the consideration of the citizenship issue (or the lack thereof):

- 1) After the declaration of independence was adopted, Latvia’s governing institutions had to deal with a wide range of problems that had to do with Russia’s opposition to Latvia’s independence effort, with the need to improve Latvia’s economic situation, with the need to obtain international support and understanding of the independence movement, and with the need to develop skills in handling various relations without the interference of Moscow.

- 2) Even though most of the residents and politicians in Latvia believed that the country would eventually regain its independence irretrievably, few thought that this

would happen as soon as August 21, 1991 – just 15 months after the adoption of the declaration of independence. On that day Latvia shed itself of the country which had occupied it for 50 years, but because it happened so quickly, no one had given much thought to the citizenship issue.

3) Discussions concerning this issue were delayed and postponed purposefully, because it was clear that the matter would be very complex. In addition, the Soviet armed forces remained in Latvia, which meant that the Soviet governing apparatus could implement and enforce sanctions against the country.

4) The significance of the citizenship issue in Latvia was simply not evaluated to a sufficient extent.

It was only in September 1991 that an active process of exchanging thoughts about the citizenship issue began. Four different solutions were proposed:

1) The part of the Latvian Popular Front that was tended toward centrist positions thought that the 1919 law on citizenship should be reinstated, adding to it criteria that would determine who could receive citizenship prior to the election of Latvia's first post-independence parliament.

2) The “right wing” of the LPF – the Latvian National Independence Movement (LNNK in the Latvian acronym) and the Latvian Citizens Committee – felt that the 1919 law should be reinstated but that the range of citizens must not be increased until the parliamentary election (prior to that election, however, the Latvian Citizens Committee changed its views on the subject, stating that citizenship must not be granted to people who arrived in Latvia during the Soviet occupation).

3) A prominent international affairs specialist, Juris Bojârs, proposed the adoption of a new citizenship law, including strict criteria for citizenship therein: residence and loyalty to the state. There were three variants of the residence requirement: zero, five or ten years of permanent residency within the borders of Soviet Latvia.

4) The leftist “Equality” movement felt that there should be a citizenship law that would guarantee immediate citizenship to any and all of the residents of Latvia (the so-called ‘zero option’).

This is the option that was initially discussed when the issue of Latvian citizenship was put on the political agenda in 1989. As originally outlined by Juris Bojârs this option advocated giving Latvian SSR citizenship to all the inhabitants on

the territory of the Latvian SSR at the time. This option has been called the zero option because there are zero requirements (other than permanent residence) for the inhabitants who wish to obtain Latvian citizenship.

The anti-independence forces of Soviet Latvia supported the first version of the zero option of citizenship. Some have named it a “double citizenship” solution, both USSR and Latvian SSR citizenship. When the question about citizenship was raised among the activists of the Popular Front of Latvia, the Interfront and the most militant of the pro-soviet forces in Latvia were against the idea of separate Latvian citizenship outside the legal system of the USSR. According to the Interfront the status of the Latvian SSR citizenship should be worked out in accordance with the laws of the USSR, as well with the other state regulations.

Another argument in favor of the zero option is based on the “Agreement on the Basic Principles for Inter-stately Relations Between Russian Federation and the Latvian Republic”, which was signed by Yeltsin and Gorbunovs on January 13, 1991, and ratified by the Latvian Supreme Council the next day. This agreement states that the inhabitants of Latvia have the possibility to choose their citizenship (Latvian or Russian) freely in accordance with the laws in each state. There is a disagreement as to whether or not this agreement guarantees the zero option for citizenship. Many defenders of the zero option maintain that the treaty obliges the Latvian Supreme Council to pass a zero option variant of the law on citizenship. Many defenders of the pre-war citizen’s option don’t consider this a commitment, since they don’t consider the Supreme Council as a legitimate body of representation of the Latvian Republic.

By expressing their views about this very important issue, political parties, public and political organizations and independent politicians, understanding that the parliamentary elections would be occurring soon, began to calculate the type of citizenship body that would be most advantageous to them. They did not, however, have any interest in resolving the issue quickly and in implementing any of the various options that had been proposed.

The parliamentary election for the 5<sup>th</sup> Saeima was held on June 5 and 6, 1993, and for 19 months before that election an independent Latvian state talked about the decisions and laws which would affect the citizenship issue, but no solutions were put into place.

On October 15, 1991, the Supreme Council adopted a decision on the restoration of the rights of Latvia’s citizens and on the specification of basic

regulations to govern the process of naturalization. Initially this document was seen as the foundation for further resolution of the citizenship issue. From one perspective, the document could be seen as something positive, because it served to delineate at least in general terms the group of people who could hope for citizenship. This created a certain amount of clarity in the issue.

The document stated the following:

- Citizens of the Republic of Latvia are persons who were citizens of the Republic of Latvia prior to June 17, 1940, and their successors, who were resident in Latvia at the time when the decision was taken (Article 2);
- Citizens of the Republic of Latvia are also persons who were citizens of the Republic of Latvia prior to June 17, 1940, and their successors, who were citizens of different countries and/or who were not resident in Latvia at the time when the decision was taken (Article 2);
- Citizenship in the Republic of Latvia could be granted to persons who were permanent residents of Latvia prior to June 17, 1940, as well as to persons who could have obtained citizenship under the terms of the 1919 law on citizenship.

In other words, the document specified that people who had citizenship in Latvia prior to the Soviet occupation and their successors were lawful inheritors of the status of citizenship and that people who for one reason or another could not claim citizenship before the Soviet occupation could do so now. The decision did not, however, provide for the granting of citizenship to people who arrived in Latvia as the result of an agreement that was signed between Latvia and the USSR on October 5, 1939, legitimizing the stationing of the Soviet armed forces in Latvia.

The decision also provided that persons who did not meet the aforementioned criteria but who had been living in Latvia could register for citizenship until July 1, 1992. People had to speak Latvian, be conversant with the Latvian constitution, have been resident in Latvia for no less than 16 years, and not have any other country's citizenship. The decision also specified that the naturalization of such people would begin no sooner than July 1, 1992. This meant that other residents of Latvia were told clearly what they would have to do in order to become citizens. This approach could have served as a starting point for the integration of Latvia's society.

Latvia's radical nationalists, however, felt that the naturalization of people, who were not covered by the October 15, 1991, decision should be hampered and

limited as much as possible. The Latvian Citizens Committee, the LNNK and the right wing of the LPF all argued that:

- No citizenship law could legitimately be adopted by the Supreme Council that had been elected during the Soviet occupation and whose members included non-citizens (this also served to cast doubt on the legitimacy of the declaration of independence);
- No citizenship law could be adopted and no process of naturalization could be begun until the complete deoccupation of the Latvian state;
- Expansion of the range of citizens should be banned because of the unfavorable demographic situation of the Latvian nation (thus pushing away or even making opponents out of loyal Estonians, Lithuanians and members of other nationalities, as well as ethnic Latvians whose forebears had left Latvia prior to the establishment of the independent Latvian state but who wanted to return to their fatherland now).<sup>31</sup>

In other words, the right wing simply did not want to expand the body of citizens in Latvia. The decision of October 15, 1991 remained pretty much on paper, because there was no real mechanism or desire to undertake the process of naturalization.

On November 12, 1991, the Supreme Council took up a draft citizenship law that had been prepared by deputies Juris Bojârs, Vilnis Eglâjs, Imants Geidâns and Rodrigo Rikards. The draft law would have awarded automatic citizenship to persons born in post-independence Latvia and would have set up a quota system for expansion of the body of citizens. The quota would have been set on an annual basis by the Supreme Council or its successor, the Saeima. This would have meant a very slow integration of non-citizens into the body politic.

The Supreme Council did adopt a series of normative acts, which were directly or indirectly linked to one's belonging to the Latvian State. Among them were the constitutional law, "The rights and obligations of the individual and the citizen", which was adopted on December 10, 1991; the law "On the entry and residence in the Republic of Latvia of foreign individuals and stateless individuals" (June 10, 1992); and the law "On the election of the 5<sup>th</sup> Saeima" (October 20, 1992), which specified that suffrage would be granted to citizens from the age of 18 and that elective office would be open to citizens aged 21 or older. These laws were important

and necessary for the governance of the state, but they once again served to alienate and discourage non-citizens.

The Supreme Council also agreed that any discussions of the citizenship issue would be put off until after the 5<sup>th</sup> Saeima elections.

Work on the citizenship issue began anew after the 5<sup>th</sup> Saeima was in place. All of the institutions of the first independent state were restored – the Saeima, the Cabinet of Ministers and the national presidency (the president is elected by the Saeima).

In September 1993, five draft citizenship laws were tabled in the Saeima. They were introduced by the Latvian National Independence Movement, the Fatherland and Freedom party, the coalition between the Latvia's Way party and the Latvian Farmers Union, the Harmony for Latvia party, and the Equality movement, all of which had representatives in Parliament. The drafts differed with respect to the regulations governing the awarding of citizenship, to various exceptions and limitations in the process, to the naturalization process, to residency requirements and to the treatment of dual citizenship. The legislation represented the full spectrum of views, from the rightist end of the spectrum (Fatherland and Freedom) to the leftist end (Equality).

This differentiation meant that even though Latvia's Way and the Latvian Farmers Union had a minority governing coalition in Parliament, their legislation could not win final approval unless the views of other political forces were taken into account. The final draft of the citizenship law was supplemented with elements from all of the other proposals, except that which had been submitted by the Equality movement. Among other things, the new law provided, as had been demanded by Fatherland and Freedom, that the number of people who could be naturalized each year could not represent more than 0.1% of the existing number of citizens in the country. This quota was the main reason why President Guntis Ulmanis, who was keeping an eye on Latvia's desire to become a fully vested member of the Council of Europe, as well as on the fact that the Organization for Security and Cooperation in Europe was placing considerable pressure on Latvia to adopt a liberal law, vetoed the legislation after it was passed on June 21, 1994, sending it back to the Saeima for further work.

The president finally signed a citizenship law on August 11, 1994, and it took effect, simultaneously repealing the October 15, 1991, decision on the restoration of

the rights of Latvia's citizens and on the regulations governing the process of naturalization. This happened three years after the country's *de facto* independence had been restored.

Article 12 of the law set out very detailed prerequisites, which an individual had to satisfy before being considered for naturalization. People had to be registered in the Population Register, they had to have residents in Latvia of no less than 5 years prior to May 4, 1990, they had to be able to speak the Latvian language, they had to know the basic elements of the Latvian constitution and the constitutional law "On the rights and obligations of the individual and the citizen", they had to know the text of the Latvian national anthem and the history of the Latvian state, they had to have legitimate sources of income, and they had to take an oath of loyalty to the Republic of Latvia.<sup>32</sup> The division of the naturalization process into stages, and the number of non-citizens for whom naturalization was available, however, suggests that these prerequisites were of secondary importance. The limitations, which were included in the law, were more important, given that they prohibited any rapid process of naturalization. Evidence of this is given by the fact that the start of the general process of naturalization was put off until 18 months after the law was adopted, and the process was stretched out over the course of at least seven years. Non-citizens were divided up into groups with no justification whatsoever, and in 1997, a person who spoke fluent Latvian, was loyal to Latvia and who met all of the other criteria set out in the law could be kept from achieving citizenship just because the law specified that the person had to wait until the year 2003.<sup>33</sup>

Although the citizenship law was adopted only after lengthy discussions and various compromises, the implementation of the naturalization scheme did not resolve the problem. On the contrary – it created even greater complications both in terms of domestic policy and in terms of foreign policy.

There were two kinds of factors that affected the implementation of the citizenship law and that from the very beginning signaled a need to improve the law, changing the main principles and policies contained therein:

1) There were factors which doomed the citizenship law to failure even before it was implemented. Among these factors were the destructive pressure placed on Latvia by the Russian Federation, the operations of the Fatherland and Freedom party, and the sluggish work and lack of harmony among Latvia's political parties during the debate and implementation of the citizenship law. The naturalization process itself

can be included in this group to a certain extent, although it had more of an influence on the need to make changes to the existing law;

2) There were factors, which stimulated politicians to change their views and to study solutions to the problem in greater depth. In addition to the naturalization process, we might mention the operations of international organizations, as well as the system of rights and obligations that prevailed in Latvia.

#### Factors which hampered the process

The Fatherland and Freedom party, as well as the Latvian National Independence Movement, has been one of the strongest right-wing forces in Latvia's political life. The two groups emerged from the Latvian Citizens Committee that was founded before the restoration of Latvia's independence and that was completely unyielding when it came to its radical national policy. The committee demanded the withdrawal of the Soviet army, as well as the liquidation of the consequences of the occupation. In the eyes of the committee, this meant the departure of all of the people who had arrived in Latvia during the occupation. The Citizens Committee was also notable for its strict opposition to the operations of governing institutions that worked during the period immediately after the restoration of Latvia's independence. The committee claimed for itself the status of being the only "just and lawful" governing body in Latvia, a position which was not understood by many and which led others to smile ironically at what was childish and capricious behavior.

The Citizens Committee tried to participate actively in discussions surrounding the citizenship issue immediately after the *de facto* restoration of Latvia's independence, and its opposition to any expansion of the body of citizens until the next parliamentary election had its effect. The successor to the Citizens Committee, Fatherland and Freedom, had a draft citizenship law in the 5<sup>th</sup> Saeima which borrowed the idea of a naturalization quota from the old committee, and this quota became the main reason why the president did not sign the law in its original version. It could be said to a certain extent that the reinstatement of the quota principle has become something of a flag for Fatherland and Freedom and the Latvian National Independence Movement. Both groups are openly hostile toward people who arrived in Latvia during the Soviet occupation.

The principles of the party are also evident in something that one of the members of Fatherland and Freedom, Româns Pussârs, had to say: “If the present citizenship law remains in effect, then it will be not only difficult, but even impossible for the Latvian nation to use the authority of the state to defend its lawful interests and to ensure its national identity in its own country. Thus Latvians are being moved toward their own destruction, because we can see that the long-standing presence of minorities has affected the overall development of Latvia, changing over the course of time the accustomed model of life, destabilizing the moral and ethical foundations of relationships between people, forgetting the criteria of true cultural values and reducing respect for our national treasures and holies.”<sup>34</sup>

Fatherland and Freedom members were convinced that if they had had the final word in the adoption of the citizenship law, the vital interests of the Latvian nation would have been taken into account to a sufficient extent, the state would have enjoyed greater security, and the nation would have been reborn with an understanding of the possibility that a Latvian Latvia is possible. All of this, party members, argued, and would have given a more firm foundation to residents of other nationalities, too.

The party’s draft citizenship law did not include a provision to award citizenship to children born in Latvia, because party members felt that citizenship must not be granted automatically just because someone was born in the country. The draft also specified that the number of naturalized people each year must not exceed 0.1% of the number of citizens in Latvia in the previous year (this would not have applied to Latvians and Livonians). Given the number of Latvian citizens in 1995, this would have meant that naturalization would be available to between 1,800 and 2,000 people each year. The draft law provided that people desiring naturalization (again – excepting Latvians and Livonians) would have to first receive a permanent residency permit, after which a period of five years would be counted off.<sup>35</sup>

Fatherland and Freedom has also defended the idea, however, that the people who arrived in Latvia during the Soviet occupation and their residents cannot be considered foreigners in terms of their status, and they should not be granted any permanent residency permits or any right to apply for Latvian citizenship.<sup>36</sup>

In January 1996, Fatherland and Freedom sought to get popular support for its ideas by organizing a petition campaign aimed at forcing a second consideration of the citizenship law by Parliament. The process required that 131,104 people sign the

petitions, but in the event only 116,153 (88.6% of the necessary number) did.<sup>37</sup> On February 22, 1998, at a Fatherland and Freedom party conference, member Aigars Jirgens expressed the view that in the 1998 parliamentary elections, Latvians should elect a Saeima that would reinstitute the annual naturalization quota and that would get rid of the system of awarding citizenship for special accomplishments.

Given the distribution of seats in Parliament among the various parties in the 5<sup>th</sup> Saeima and especially in the 6<sup>th</sup> Saeima, Fatherland and Freedom has devoted considerable efforts to trying to ensure that its positions are accepted with respect to various issues. One example was the fact that the factions, which made up the governing coalition during the 6<sup>th</sup> Saeima, including Fatherland and Freedom, agreed that there would be no amendments to the citizenship law unless all of the factions agreed to them. This way Fatherland and Freedom could block several attempts to liberalize the citizenship law. The People's Harmony Party, in opposition, tried in October 1997 to repeal the system of granting naturalization on the basis of the applicant's age and to grant citizenship to children born in Latvia after May 4, 1990.<sup>38</sup> On another instance, in February 1998, the Democratic party Saimnieks, which was in government, tried to encourage discussions about the granting of citizenship to children. Fatherland and Freedom also succeeded in hindering consideration of the law "On the status of former Soviet citizens who do not have citizenship in the Republic of Latvia or another country" by trying to persuade parliament to include norms in the legislation that would have specified the legal basis for residency among those people who arrived in Latvia during the Soviet occupation. The final version of the law was adopted only in April 1995.

The fact is that the work of Fatherland and Freedom and the LNNK has been advantageous to pro-Russian and pro-Communist forces, who have always been on the lookout for dissatisfied people, especially in minority communities, who might be persuaded to join their ranks. This means that the country is being split on the basis of ethnic principles.

This situation is advantageous for Russia, because Russians make up the largest ethnic minority in Latvia. Russia can accrue benefits from this situation by influencing economic and political processes in Latvia and the other Baltic States. Since the *de facto* restoration of Latvia's independence, Latvia's relationship with Russia with respect to the citizenship issue has experienced both improvements and periods of deterioration, especially between 1991 and 1994.

Given that the citizenship issue has been very important in terms of Latvia's relations with other countries, Russia has sought to use the issue as a weapon in implementing its own goals and interests. Initially Moscow demanded that the "zero option" be implemented in Latvia's citizenship law. This would have meant citizenship for all permanent residents of Latvia, except for members of the Russian armed forces, which remained stationed in Latvia until August 31, 1994. Implementation of the "zero option", however, would have threatened the existence of the state, because it would have granted citizenship to people who were not loyal to the country and who did not speak Latvian. This would have created a firm basis for further development of Russia's influence in the country.

Russia soon tried to enlist the aid of international organizations in its efforts. On May 11, 1992, Russian Foreign Minister Andrei Kozyrev submitted a memorandum to the Parliamentary Assembly of the Council of Europe in which he claimed that Baltic citizenship legislation was aimed at reducing the number of ethnic Russians living in the Baltic States and at eliminating any balanced and proportional representation of ethnic groups in state institutions in favor of the indigenous nationalities.<sup>39</sup>

Russia also tried to increase its influence during meetings of international organizations by producing a series of official documents. On June 17, 1992, the Supreme Council of Russia adopted a declaration concerning the situation in the Baltic States. In it, the legislative body claimed that "citizenship is being denied to hundreds of thousands of residents in the Baltic States, and these people are being subjected to psychological pressure. Policies aimed at pushing national minorities out of the Baltic States are being implemented, and contacts with relatives who live in the Confederation of Independent States are being limited."<sup>40</sup> In another instance, the head of Russia's delegation to negotiations with Latvia, Vladimir Zotov, pressed Latvian officials to give citizenship to all Russian speaking residents of Latvia, threatening that otherwise he would refuse to withdraw the Russian armed forces from Latvia. Once the citizenship law was passed, however, Russia's efforts to influence events in Latvia declined.

#### Positive factors

In the time period before 1993, Latvia was visited by delegations from many international organizations. They conducted reviews of the human rights situation in

Latvia and focused in part on the way in which the citizenship issue was being resolved. For example, a delegation headed by David Lamby arrived in Latvia on April 24, 1992, representing the Council of Europe. In October 1992, the director of the Human Rights Center, Ibrachim Foll, spent three days in the country. These visits were partly influenced by organized Russian pressure, but they served as a stimulus for further development of the country's legislative system. The delegations all found that Latvia was observing and ensuring human rights and basic freedoms and that the protection of same was no different than that provided for in the constitutional laws of most of the Council of Europe's member states. At the same time, however, the delegations all stressed that citizenship must be seen as the most important and complex problem requiring rapid resolution.<sup>41</sup>

On December 3, 1993, the Council of Europe released an expert analysis of Latvia's citizenship legislation, and this statement had much to do with the final version of the law. The experts had a negative view of the draft legislation, pointing to many negative factors such as the absence of a strict naturalization procedure, as well as the implementation of naturalization quotas. The overall solution that had been selected, however, was given a positive evaluation, which created a sense of security about the idea that the norms in the law were generally acceptable. This was a positive factor in Latvia's dispute with Russia, and it promoted the implementation of several liberal amendments to the legislation – reducing the required period of residence from 16 to five years, for example.

In October 1994, the UN's high commissioner visited Latvia on human rights, Jose Ajala Laso. He recommended that Latvia create conditions, which prohibit any misunderstandings in the naturalization process, and that the government not make unnecessarily strict requirements with respect to the level of Latvian language skills in the naturalization process. Rather, Laso recommended the government should focus more on the teaching of the Latvian language.<sup>42</sup>

The various institutions of the European Union, the United Nations and the Council of Europe, recognizing the complexity of resolving the citizenship issue in Latvia, came forth with a series of recommendations concerning citizenship for newborn children, reduction of the severity of the Latvian language test, and increasing the overall number of citizens. Experts from those organizations felt that these steps would help Latvia emerge from the situation in which it had found itself.

On the basis of constructive negotiations and mutual understanding, Latvia found it possible to amend the law in ways, which would bring it nearer to the EU.

After long and hard discussions and Referendum on 3 October 1998 the question of citizenship in Latvia is solved.

## **Conclusion**

The post-Cold War Europe provides small states with a new international environment having simultaneously both advantages and disadvantages. The more significant advantages are the absence of direct military threats, growing opposition to even the notion of applying military force to settle conflicts between states, multiple opportunities available in international for a for small states to defend their interests, regionalism, and the presence of the USA.

The disadvantages are that some small states, especially new political actors in the international system with a particular geopolitical situation, especially Latvia, feel less secure than others; efforts toward European integration raise concern over national sovereignty in the economic, social and cultural spheres.

The conditions for the improvement of the security system are related to internal as well as external factors. In case of Latvia its security should rest upon guarantees for the country's independence and the establishment of necessary conditions for building up its democracy in accordance with European standards and domestic needs.

## **NOTES**

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<sup>1</sup> Memorandum of the Government of the Republic of Latvia On Agenda 2000 – European Commission Opinion, Latvijas Vēstnesis, No. 212 (927), 27.08.97.

<sup>2</sup> Concept of Latvian Foreign Policy, p.1.

<sup>3</sup> Baltic Security: Looking towards 21<sup>st</sup> Century /eds. Gunnar Arteus and Atis Lejins. – Riga: Latvian Institute of International Affairs & Forsvarshogskolan, 1997.

<sup>4</sup> Balazs, J. "A Note on the Interpretation of Security", *Development and Peace*, No. 6 (1985), p. 146.

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- <sup>8</sup> Wolfers, A. Discord and Collaboration. Baltimore: Johns Hopkins University Press (1962), p.150.
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- <sup>12</sup> The Latvian Security Concept, p.1.
- <sup>13</sup> The Latvian anti-corruption law, as amended on November 4, 1998.
- <sup>14</sup> Report on the 21<sup>st</sup> conference of European justice ministers, Prague, June 10-11, 1997.
- <sup>15</sup> Rasnaēš, D. "Korupcija – ilglaicīga investīcija" (Corruption – a long-term investment). *Dienas Bizness*, 16 September, 1997.
- <sup>16</sup> According to materials from the Latvian Association of Independent Criminologists. With respect to corruption and opportunities to avoid it, see a report from European experts on corruption in the Latvian system of governance and its Customs Department, *Latvijas Vēstnesis*, 10 September, 1997.
- <sup>17</sup> "Sociālais ziņojums" (Social report), Rīga, 1998, p. 3.
- <sup>18</sup> "Ziņojums par Latvijas tautsaimniecības attīstību" (Report on Latvia's economic development), Ministry of Economics, Rīga, 1998, p. 61.
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- <sup>26</sup> News agency LETA. Latvijas banku nozares stratēģiskais pētījums (Strategic research of the Latvian banking sector), 1998, p.8.
- <sup>27</sup> *Ibid.*
- <sup>28</sup> *Ibid*, p.9.
- <sup>29</sup> Information from the Latvian Association of Commercial Banks.
- <sup>30</sup> *Ibid.*
- <sup>31</sup> Bojārs, J. *Starptautiskās tiesības (International rights)*. Rīga: Zinātne ABC (1996), p.143.
- <sup>32</sup> *Ibid.*
- <sup>33</sup> Pabriks, A. "Pilsonības likums Latvijas sabiedrības kontekstā" (The Citizenship law in the context of Latvia's society), *Diena*, 19 April, 1997.
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<sup>38</sup> Loðemele, N. "Saeimai ierosinâs atcelt naturalizâcijas logus" (Repeal of naturalization windows to be proposed in Parliament), *Diena*, 14 October 1997.

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<sup>40</sup> Dimants, A. "Krievijas AP akceptç sankcijs pret Baltijas krieviem" (The Russian Supreme Council adopts sanctions against Baltic Russians), *Diena*, 18 July 1992.

<sup>41</sup> Ducmanis, M. "ANO pârstâvis nesaskata Latvijâ nopietnus cilvçktiesîbu pârskâpumus" (UN representative does not see serious human rights violation in Latvia), *Neatkarîgâ Cîða*, 20 October 1994.

<sup>42</sup> *Ibid.*

**APPENDIX**

Table 1

**The naturalization procedure and the number of persons to be naturalized under the Latvian citizenship law**

Year of submitting request	Group of individuals	Number of people
At any time	Persons permitted to be naturalized outside of the normal order	130,000
From 1.1.1996	Persons born in Latvia and aged 16-20	35,063
From 1.1.1997	Persons born in Latvia and aged to 25	27,282
From 1.1.1998	Persons born in Latvia and aged to 30	22,995
From 1.1.1999	Persons born in Latvia and aged to 40	39,170
From 1.1.2000	Other persons born in Latvia	53,385
From 1.1.2001	Persons born outside of Latvia who arrived in Latvia as minors	465,000
From 1.1.2002	And Persons born outside of Latvia who arrived in Latvia before the age of 30	
From 1.1.2003	And Other persons	

Table 2

**Non-Latvians choice of citizenship (1990-1991)**

Choice	1990	1991
Will refuse USSR citizenship and will apply for Latvian citizenship	39	38
Will keep USSR citizenship, but will reside in Latvia	36	21
Don't know	22	41

Source: Tabuns, A. (ed.), *Sabiedrības pārmaiņas Latvijā (Social changes in Latvia)*. Rīga: Jumava, 1998, pp.92-93.

Table 3

### Ethnic Composition of Latvia's Population

	Sum, thousands of people		Per cents	
	1989	1997	1989	1997
Latvians	1387,8	1371,6	52,0	55,3
Russians	905,5	805,7	34,0	32,5
Belarussians	119,7	98,8	4,5	4,0
Ukrainians	92,1	72,6	3,5	2,9
Poles	60,4	54,6	2,3	2,2
Lithuanians	34,6	31,8	1,3	1,3
Jews	22,9	10,3	0,9	0,4
Gipsy	7,0	7,6	0,3	0,3
Estonians	3,3	2,7	0,1	0,1
Germans	3,8	1,8	0,1	0,1
Others	29,5	22,4	1,0	0,9
<b>Sum</b>	<b>2666,6</b>	<b>2479,9</b>	<b>100</b>	<b>100</b>

Source: Sociālie procesi Latvijā. Analītisks apskats. (Social processes in Latvia: An analytical overview), Rīga: LR Centrālā Statistikas pārvalde, 1998, p.12.