

By Ilze Arklina

“Stop stealing! Stop lying! Down with the government!” a crowd of some 5,000 people shouted in front of the Latvian Parliament building as MPs gathered for the October 18 session. Neither heavy rain nor the early hour — 8:15 a.m. — stopped people from expressing their condemnation of Prime Minister Aigars Kalvitis and his coalition government. Why were the cobblestone streets of the capital city Riga full of angry people? Not because of rising inflation and consumer prices, even though in September inflation in Latvia rose to 11.4 percent and the government proposed freezing salaries to curb it. Nor was it for anything else that directly influences people’s wallets. It was because the prime minister fired the country’s main anti-corruption official.

The Latvian government decided on October 16 to oust the chairman of the Corruption Prevention and Combating Bureau (KNAB — Korupcijas novēršanas un apkarošanas biroja), Aleksejs Loskutovs, quoting minor bookkeeping violations discovered by the State Control Office (Valsts Kontrole) in the summer. KNAB, an independent state institution with a mandate to fight corruption, was founded in 2002 as an important prerequisite for Latvia to be accepted as a member in the European Union and NATO in 2004. In five years, KNAB has gained authority as a real force in the fight against corruption, a plague woven deeply into all layers of Latvian society.

A post-Soviet republic that regained independence 16 years ago, Latvia currently ranks 51st among 179 countries in Transparency International’s (TI) Corruption Index. “We are still seen as a country with a high corruption level,” comments the chairman of the TI Latvian branch, Delna Roberts Putnis.

Loskutov’s firing was the icing on the mounting cake of political corruption scandals that started in March 2006 with the so-called “Jurmagate,” a vote-buying scandal in mayoral elections in the resort town of Jurmala, some 30 kilometers from Riga. The fight against Latvia’s widespread political corruption was led by television journalist Ilze Jaunalksne, whose investigation revealed that the entrenched practice was protected by prominent leaders at the highest level of government. Her exposé resulted in the indictment of some of these leaders and the resignation of a government minister. The public was shocked by the cynicism and irresponsibility of politicians and frustrated with entrepreneurs’ use of bribes to conduct business. .

To discredit Jaunalksne, opponents in the government instigated the illegal tapping of her mobile phone. They leaked transcripts of her conversations to the media. Jaunalksne challenged the government in court for this invasion of her privacy, the first case of its kind in Latvia. She won. The Riga Regional Court ordered the Latvian Financial Police to pay her 100,000 lats (US\$209,000) in damages.

Despite the shock of Jurmalgate, the Latvian public supported the liberal ruling coalition parties in the parliamentary elections in October 2006. Prime Minister Kalvitis, of the People's Party (TP — Tautas partija), remained in office. Such a result, it is believed, was possible mainly due to the violations of the election law, which limits the amount of campaign expenditure to 280,000 lats (US\$584,700) per political party. The ruling coalition managed to bypass the limitations by using "third parties," specially founded nonprofit groups used to funnel money into campaigns. By donating money to these nonprofit groups, instead of giving directly to the party, People's Party supporters spent some 500,000 lats (US\$1.5 million) on the campaign, while supporters of another coalition member, Latvia's First Party/Latvian Way (LPP/LC — Latvijas Pirma Partija/Latvijas Cels), spent 300,000 lats (US\$626,500). KNAB is required to complete the investigation into this by November 7, 2007, potentially ordering the guilty parties to pay back the overspent amounts plus fines to the state budget.

This investigation is another reason for Prime Minister Kalvitis to dislike Loskutovs. "A bureau (KNAB) leader is able to prioritize or downplay this or that investigation. Loskutovs does his job honestly and dutifully," Latvian Prosecutor-General Janis Maizitis admitted in a recent TV debate. .

However, the largest blow to the political corruption in Latvia was given on March 14, 2007, when, among others, charges of corruption, bribery and money laundering were pressed against Aivars Lembergs, mayor of the port city Ventspils and candidate for the prime minister post from the coalition party Latvian Farmers' Union (LZS — Latvijas Zemnieku savieniba). He was eventually arrested.

Lembergs and the People's Party founder, former prime minister and business tycoon Andris Skele are often called oligarchs, or "unelected officials," influencing all major business and political decisions in Latvia. Even Loskutovs has publicly admitted having had a meeting with Skele and Lembergs before his election as the chief of KNAB. .

Another political “compromise” involves the new president of Latvia, Valdis Zatlers, whose candidacy was agreed on by a narrow circle of politicians at a secret meeting in the Riga Zoo. A surgeon, Zatlers was widely criticized by the media for taking illegal payments from his patients. His election amidst popular protests started another discussion in Latvian society on this widespread phenomenon, classified as “soft corruption” by international experts. It is a prevalent practice for doctors to ask patients for money besides the official fees or the coverage provided by the state or the insurers. People hope that the new all-inclusive health insurance system will be able to provide a solution to this problem, but the plan is still far from even being drafted.

In the meantime, the following story is typical for an average Latvian whose child or relative is unlucky enough to be admitted to the hospital. Mara, 14-year-old, suffered from acute stomach pain and was taken to the children’s hospital in Riga earlier this year. She was kept there for several days under “observation” without any painkillers. “Doctors said nothing,” remembers her father, Peteris. “Then I offered money — I do not remember how much, 50 or 100 lats (US\$105 or 210). He said, ‘No, no,’ but took it.”

The next day Mara had surgery and was later released from the hospital. As stated by law, hospital treatment for children under 18 is free in Latvia. Peteris refuses to name the doctor. There is a shortage of medical personnel, and he is afraid that his daughter might need this doctor again. Other people do the same when encountering corruption. “The ruling coalition shamelessly uses the Latvian society’s high tolerance level toward illegal activities,” says political scientist Valts Kalnins.

However, the society might not be as tolerant as it may seem. Since joining the European Union, some 50,000 to 100,000 people out of the country’s 2.3 million have left Latvia to work abroad, mainly in Ireland and the United Kingdom. Although they are widely regarded as economic migrants, some experts believe the disorder at home only helps their decision to leave.

Those who stay and want to do business in Latvia have to play by the rules. “We ask more money to service state and municipal contracts as there are kickbacks involved — if you get the deal, you have to transfer 10 percent to some firm. Of course, you can ignore it, but then you have no chance to get that contract again,” said one company chairman on the strong condition of anonymity. “I began considering buying a new car,” said another one, whose company recently got a major municipal contract. “When I arrive to a meeting in my van there are bunch of guys in

these brand-new expensive cars who have no official posts but are still somehow part of the deal.”

These are the layers of corruption KNAB still has to dig into but, for the time being, they are busy catching bigger fish. One of their main investigations, the TV digitalization affair of 2003, nears completion. A bogus British company made up by local tycoons received a 3.4 million lats (US\$7.1 million) contract to digitalize television in Latvia. Nineteen people now stand accused. Skele was summoned as a witness, just like in Jurmalgate.

Almost simultaneously with the government’s decision to oust Loskutovs, on October 16 the U.S. ambassador to Latvia, Catherine Todd Bailey, gave a speech at Latvia University boldly asking Latvian people to keep their values strong. “We have seen a pattern of events that appear to be inconsistent with our shared values. For example: attempts to pack the courts with judges who ‘will know what to do,’ efforts to manipulate the laws governing the security services to allow greater avenues for political interference in their operations, and public campaigns to discredit the institutions of justice and the rule of law in the country.”

In a direct reference to Skele and Lembergs, Bailey continued, “I have tremendous respect for so many Latvians that I have met... These are hardworking, committed individuals who want to see Latvia succeed and prosper. But I have also seen them beaten down by having to take instructions from unelected officials in the clouds or down by the sea.”

The public protests will not stop. NGOs and opinion leaders — journalists, actors, writers, etc. — are asking people to continue public manifestations until the government recoils its move on Loskutovs. In the meantime, the ruling coalition parties’ ratings came crashing down. If elections were held in October, only Farmers’ Union would pass the necessary five-percent threshold to get elected. None of the other three, including election winner People’s Party, would.